

Perspectives on Major Markets

Southern California Visitor Industry Outlook Forum

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Research Manager, California Tourism
November 19, 2004





Significant Events

- 2001 Energy crisis; economic slowdown; 9/11
- 2002 Slow road to recovery; high unemployment; airlines in trouble; dollar weakens
- 2003 Iraq conflict; SARS; elimination of state marketing budget; October fires



Significant Events

- 2004 Governor Arnold Schwarzenegger
January adoption of more rigorous entry procedures does NOT deter inbound travel;

Record high gas prices do NOT deter domestic travel



Significant Events

Business travel rebounds;

A three-year slump in the restaurant industry ends;

More air service and lower fares in hotly contested domestic markets;



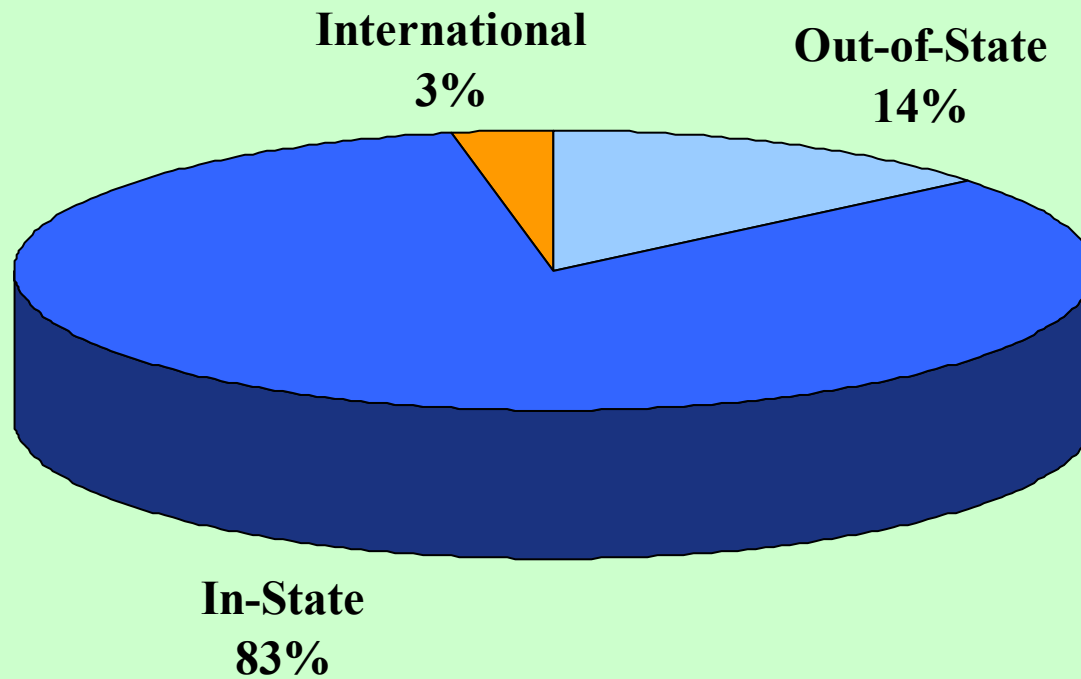
State of the Economy

- Modest CA job growth – but best since 2000
- Unemployment rates have improved
- CA taxable sales up
- US GDP expected to show 4.6 % gain
- Consumer pessimism “less negative”

California Travel and Tourism *2003*

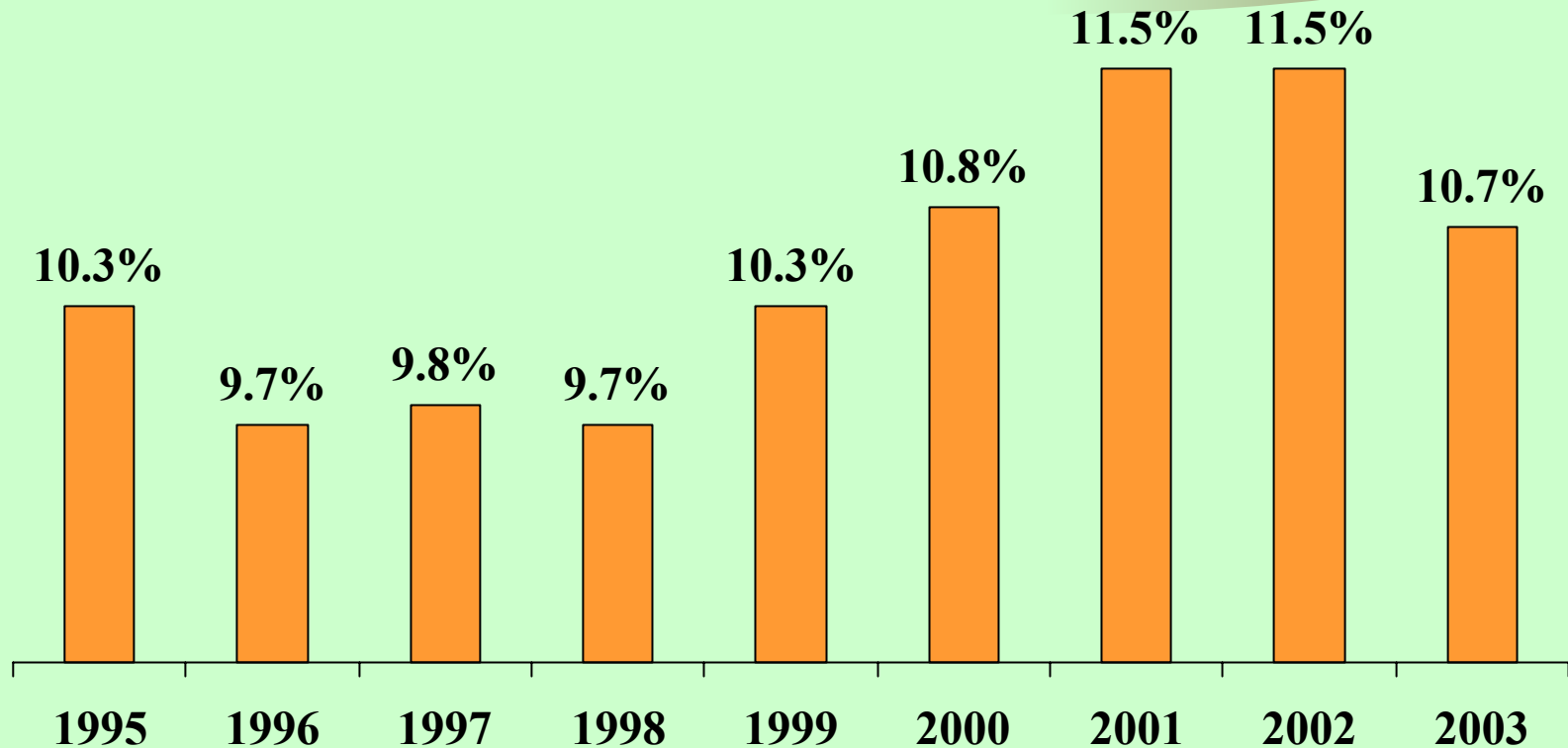


307 Million Person-Trips





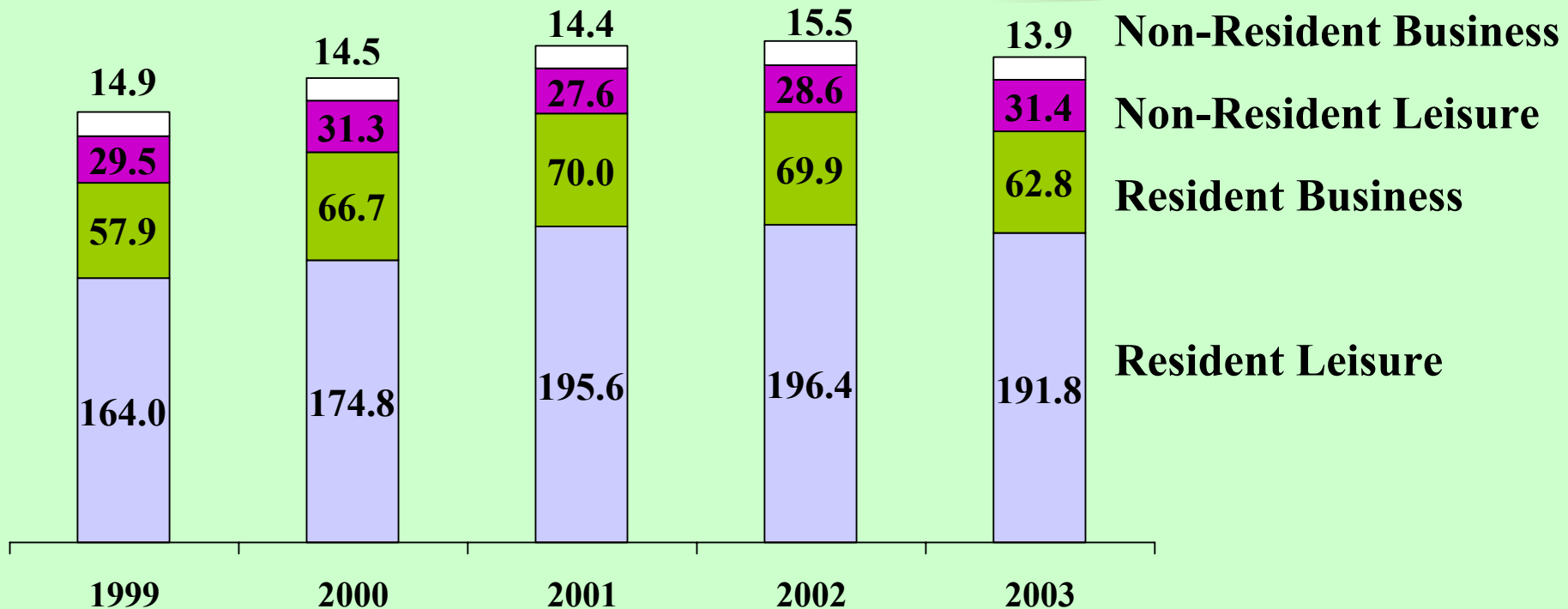
California Domestic Market Share (% US person-trips)





CA Domestic Volume by Segment

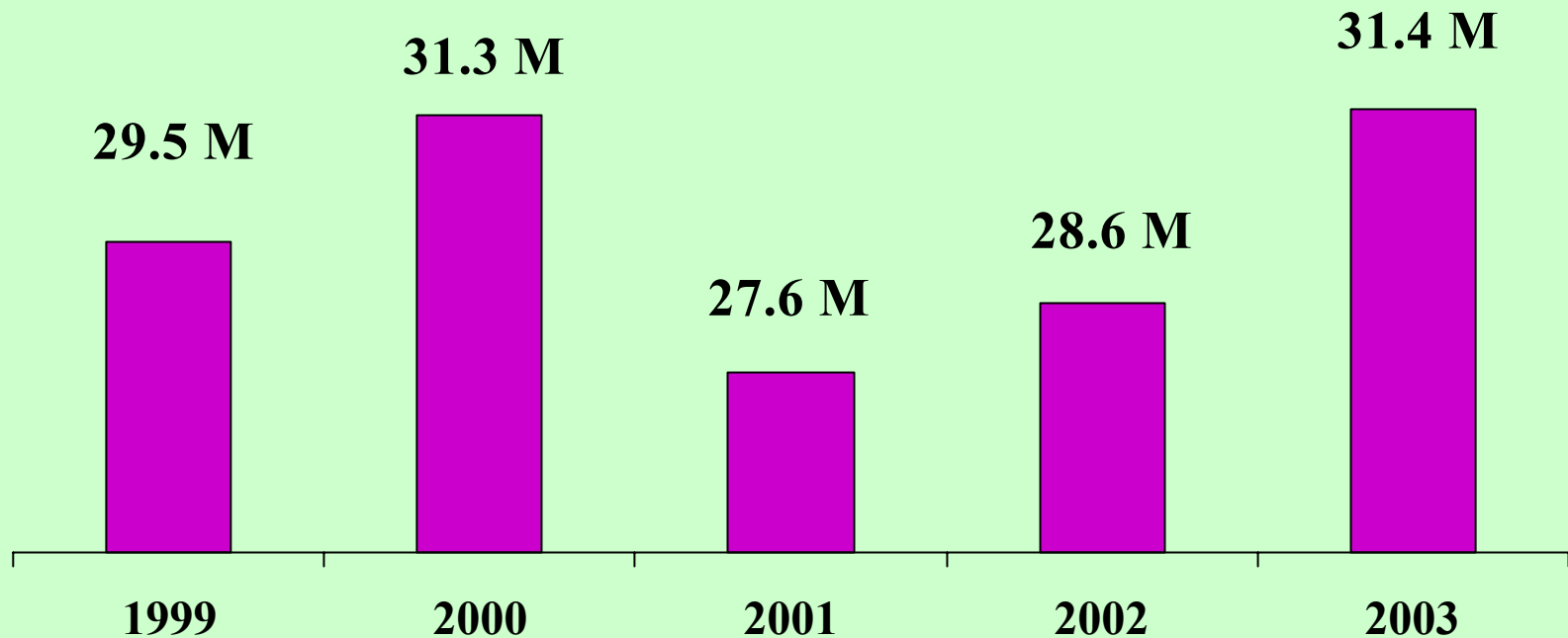
(Millions of person-trips)





CA Non-Resident Leisure Volume

(Millions of person-trips)



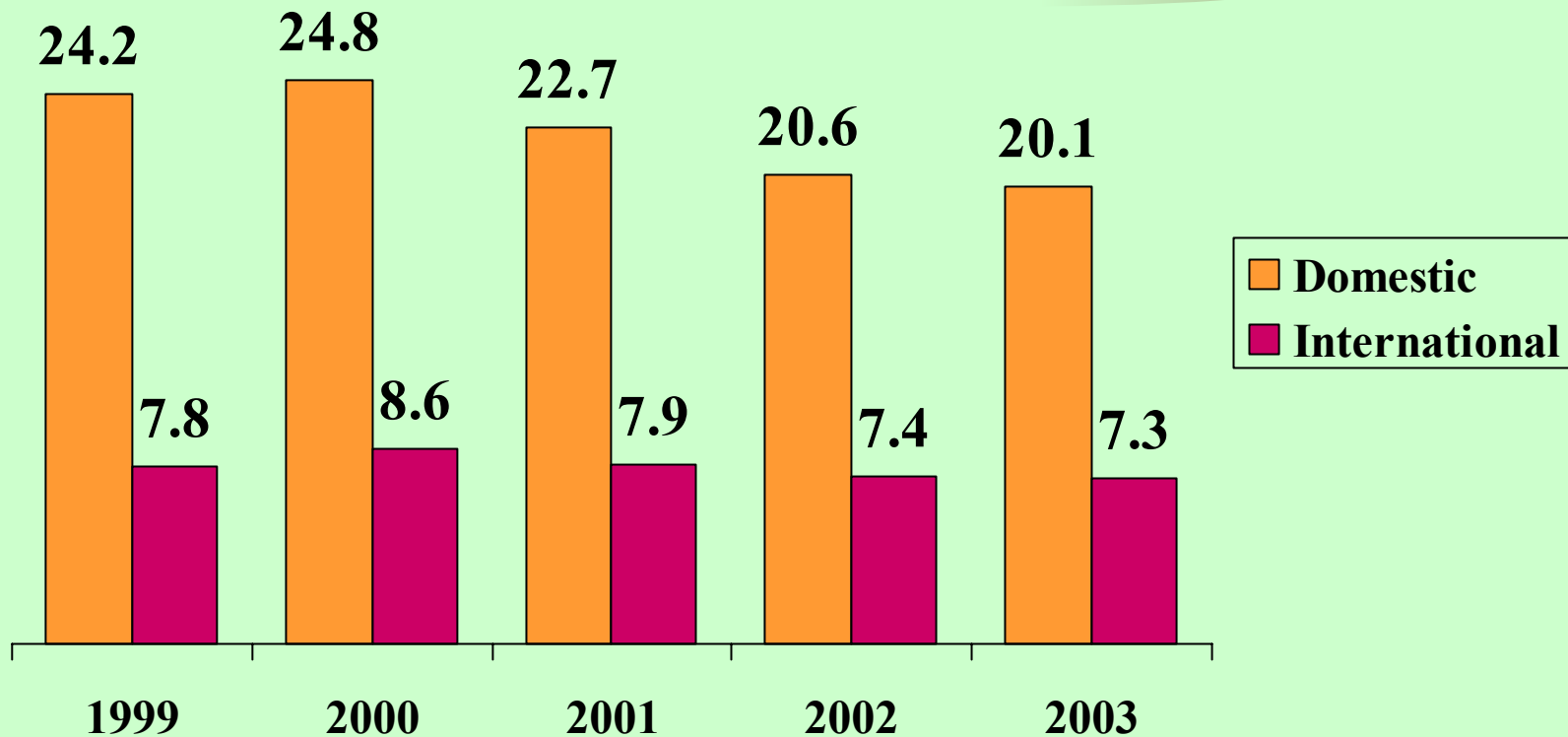
Source: D.K. Shifflet & Associates Ltd.; California Tourism Research

Annual Air Arrivals – LAX

1999-2003



(Millions of passengers)

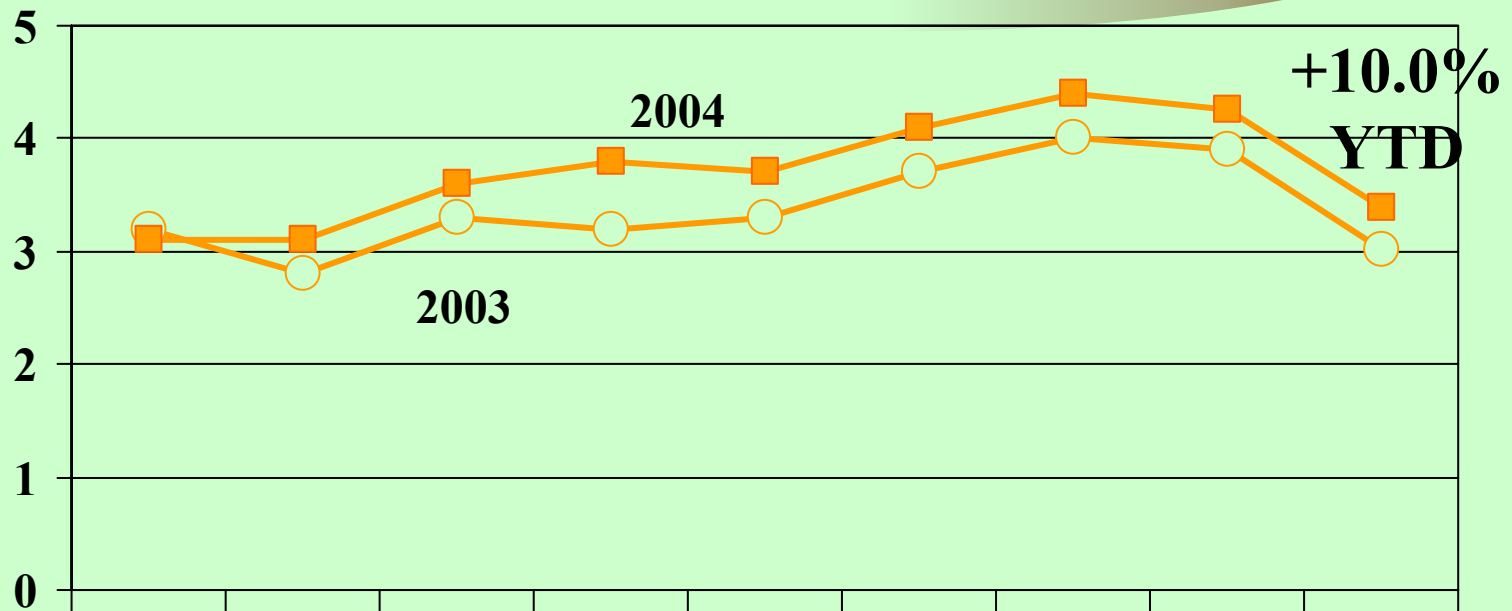


Source: Los Angeles World Airports, Volume of Air Traffic

Monthly Arrivals and Departures – LAX

Domestic Flights, 2003 - 2004

(Millions of passengers)



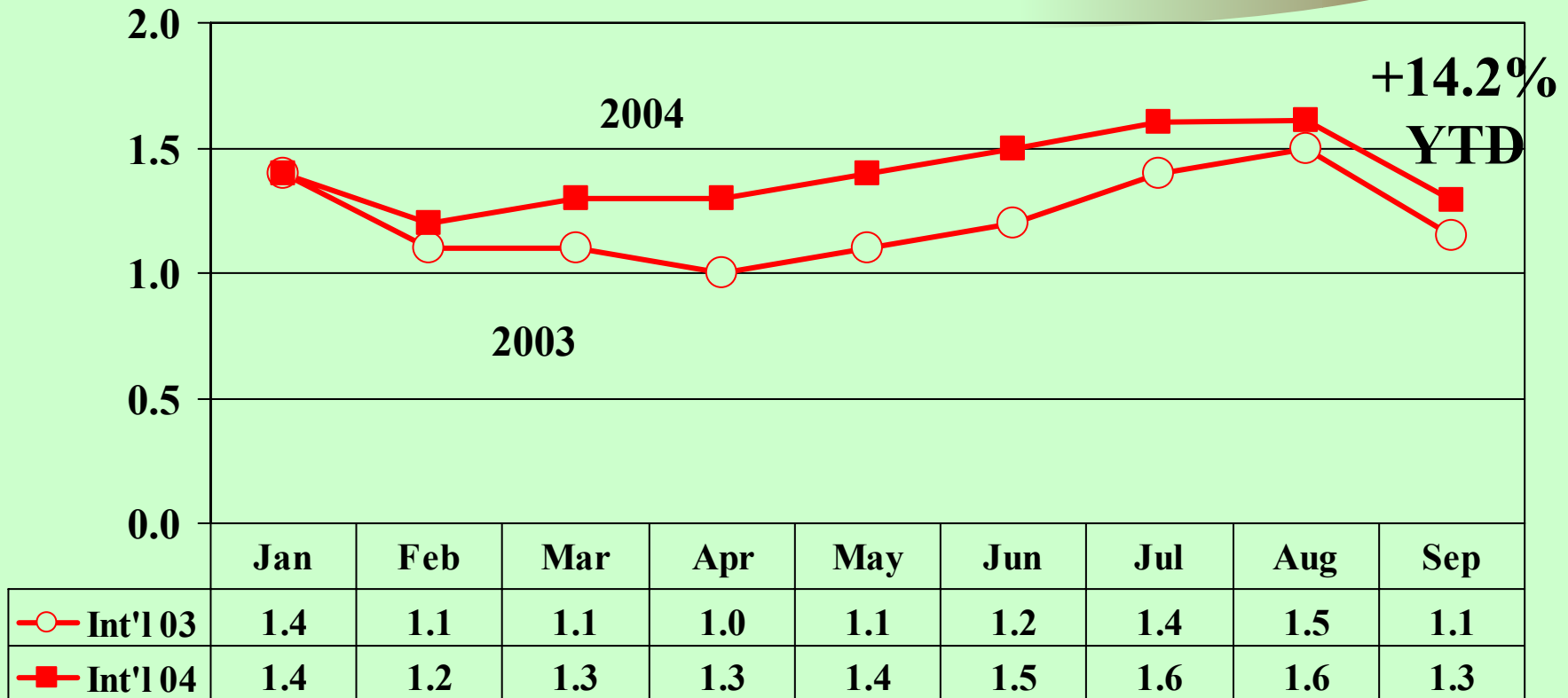
—○— Domestic 03	3.2	2.8	3.3	3.2	3.3	3.7	4	3.9	3.0
—■— Domestic 04	3.1	3.1	3.6	3.8	3.7	4.1	4.4	4.2	3.4

Source: Los Angeles World Airports, Volume of Air Traffic

Monthly Arrivals and Departures – LAX

International Flights, 2003-2004

(Millions of passengers)



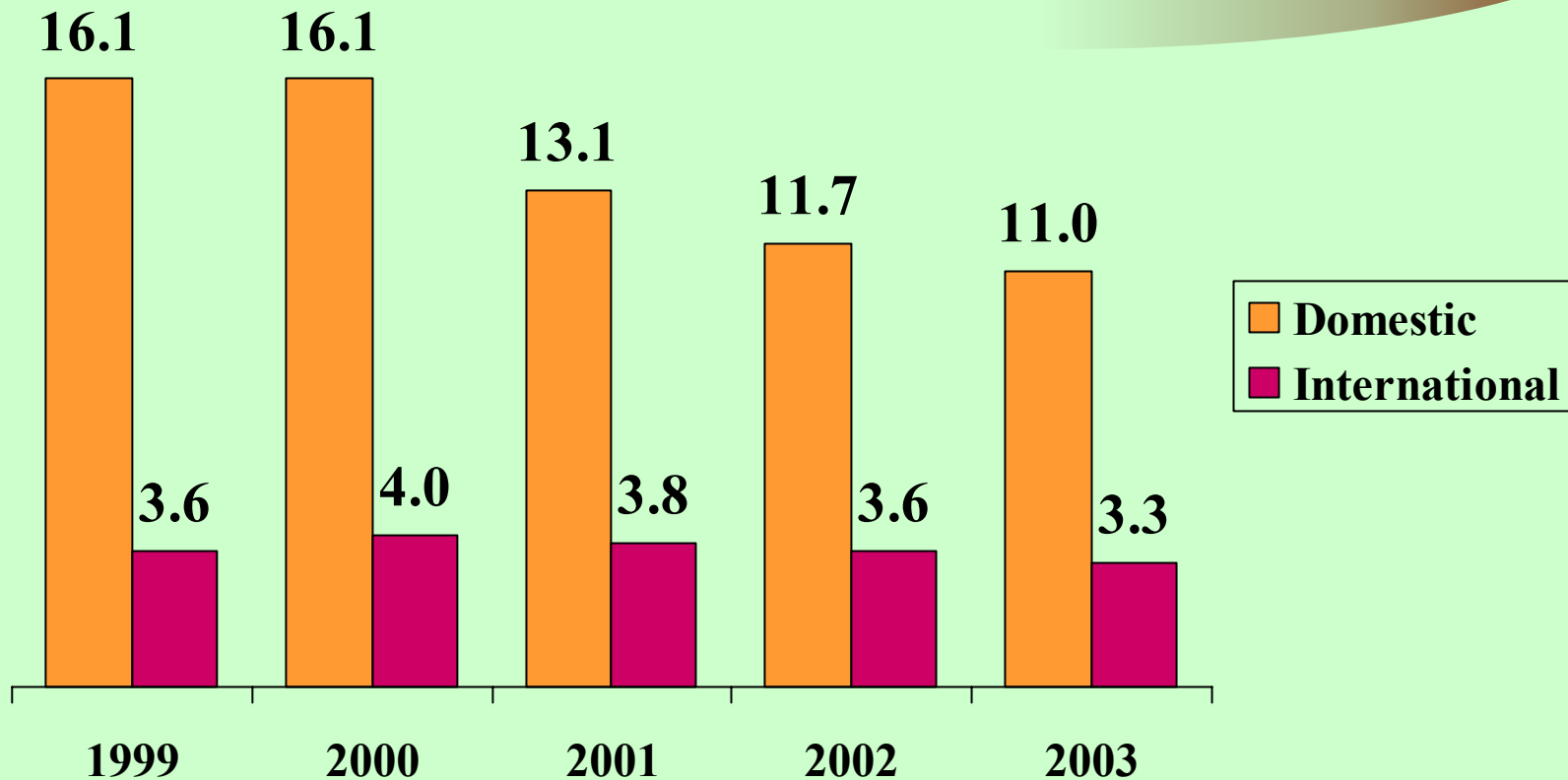
Source: Los Angeles World Airports, Volume of Air Traffic

Annual Air Arrivals – SFO

1999-2003



(Millions of passengers)

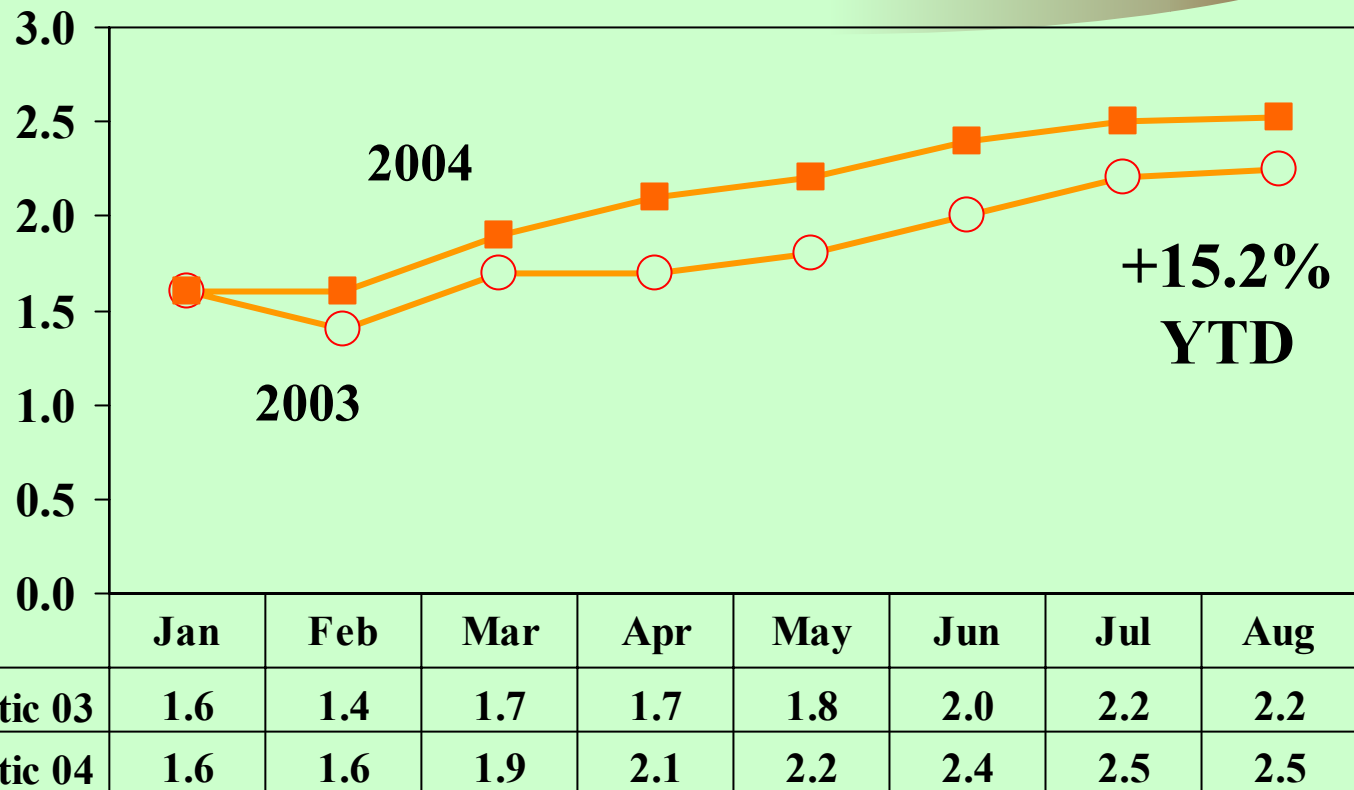


Source: San Francisco Int'l Airport, Comparative Traffic Reports

Monthly Arrivals and Departures – SFO

Domestic flights, 2003-2004

(Millions of passengers)

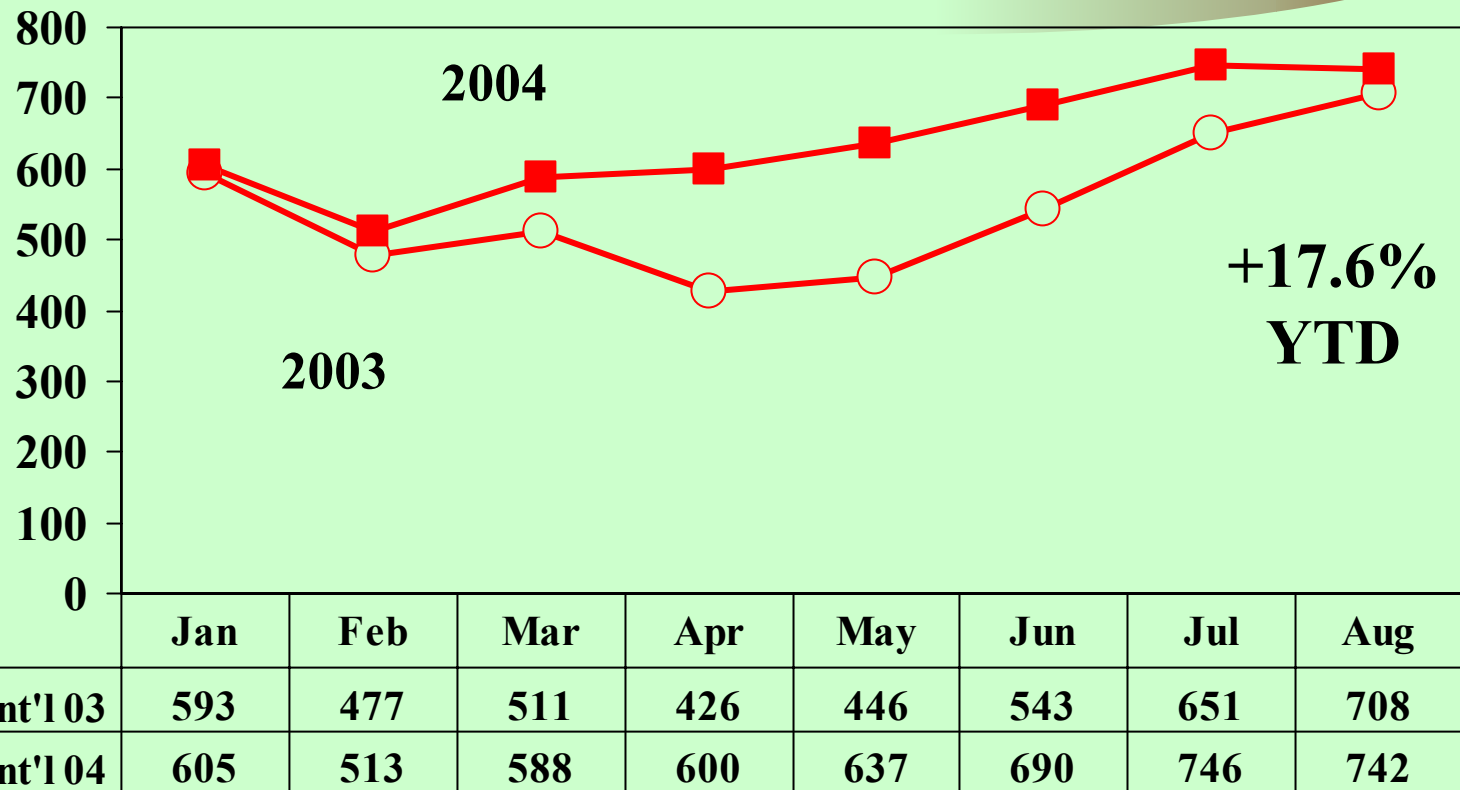


Source: San Francisco Int'l Airport, Comparative Traffic Reports

Monthly Arrivals and Departures – SFO

International Flights, 2003-2004

(Thousands of passengers)



Source: San Francisco Int'l Airport, Comparative Traffic Reports

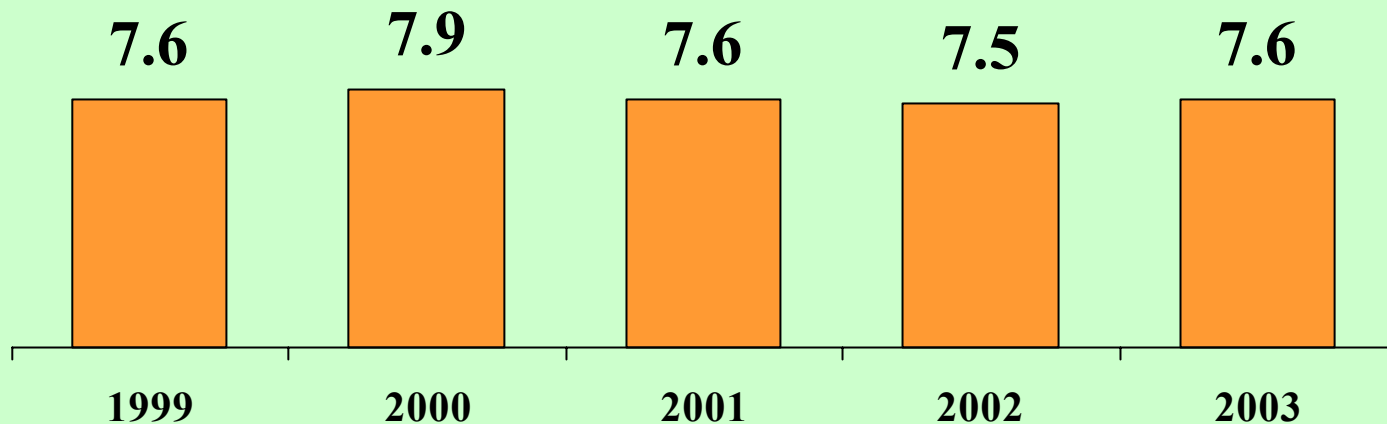
Air Arrivals – San Diego (SD)

1999-2003



(Millions of passengers)

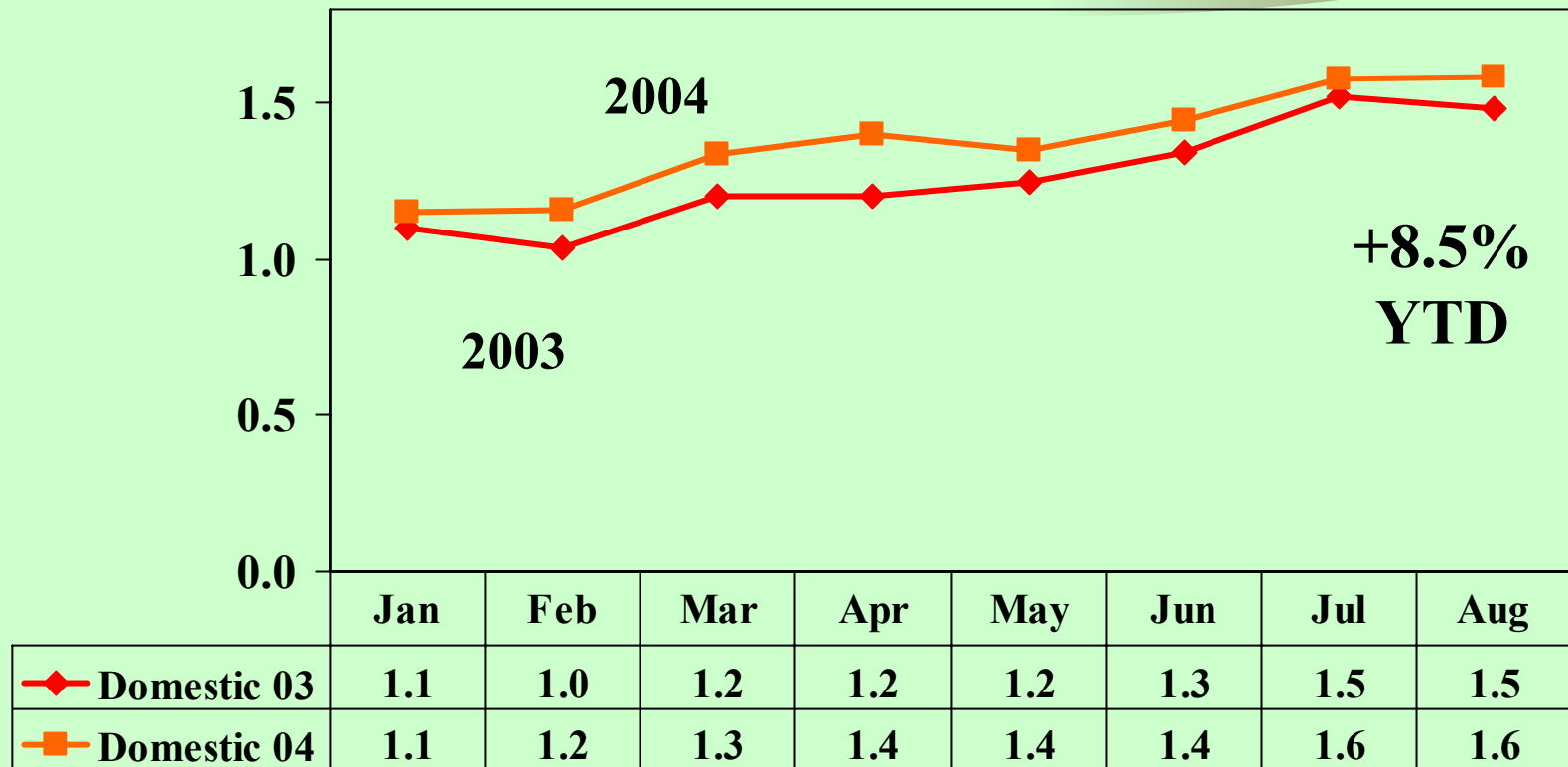
Domestic and Int'l



Monthly Arrivals and Departures – SD

Domestic Flights, 2003-2004

(Millions of passengers)

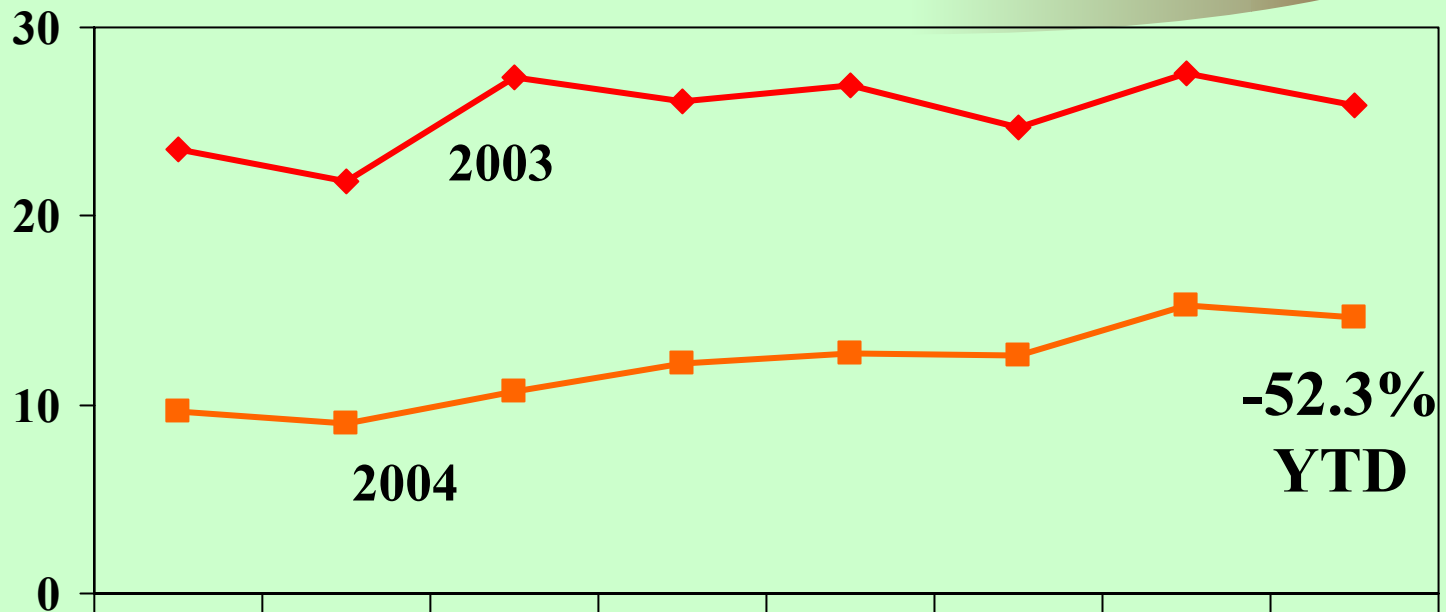


Source: San Francisco Int'l Airport, Comparative Traffic Reports

Monthly Arrivals and Departures – SD

International Flights, 2003-2004

(Thousands of passengers)



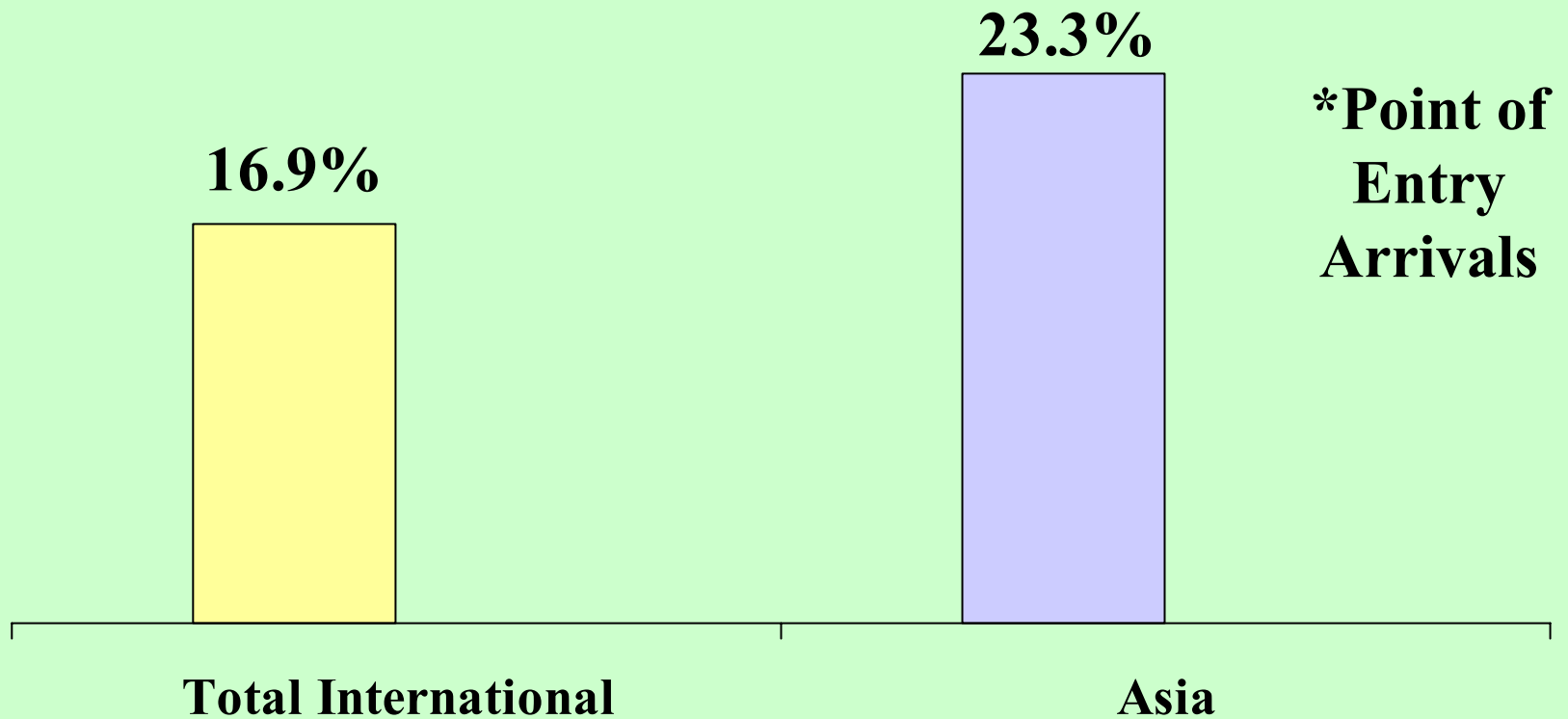
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
◆ Int'l 03	23.5	21.8	27.3	26.1	26.9	24.7	27.6	25.9
■ Int'l 04	9.6	9	10.7	12.2	12.7	12.6	15.3	14.6

Source: San Francisco Int'l Airport, Comparative Traffic Reports



*International Visitors Entering CA**

(Percent Chg 03-04 August YTD)

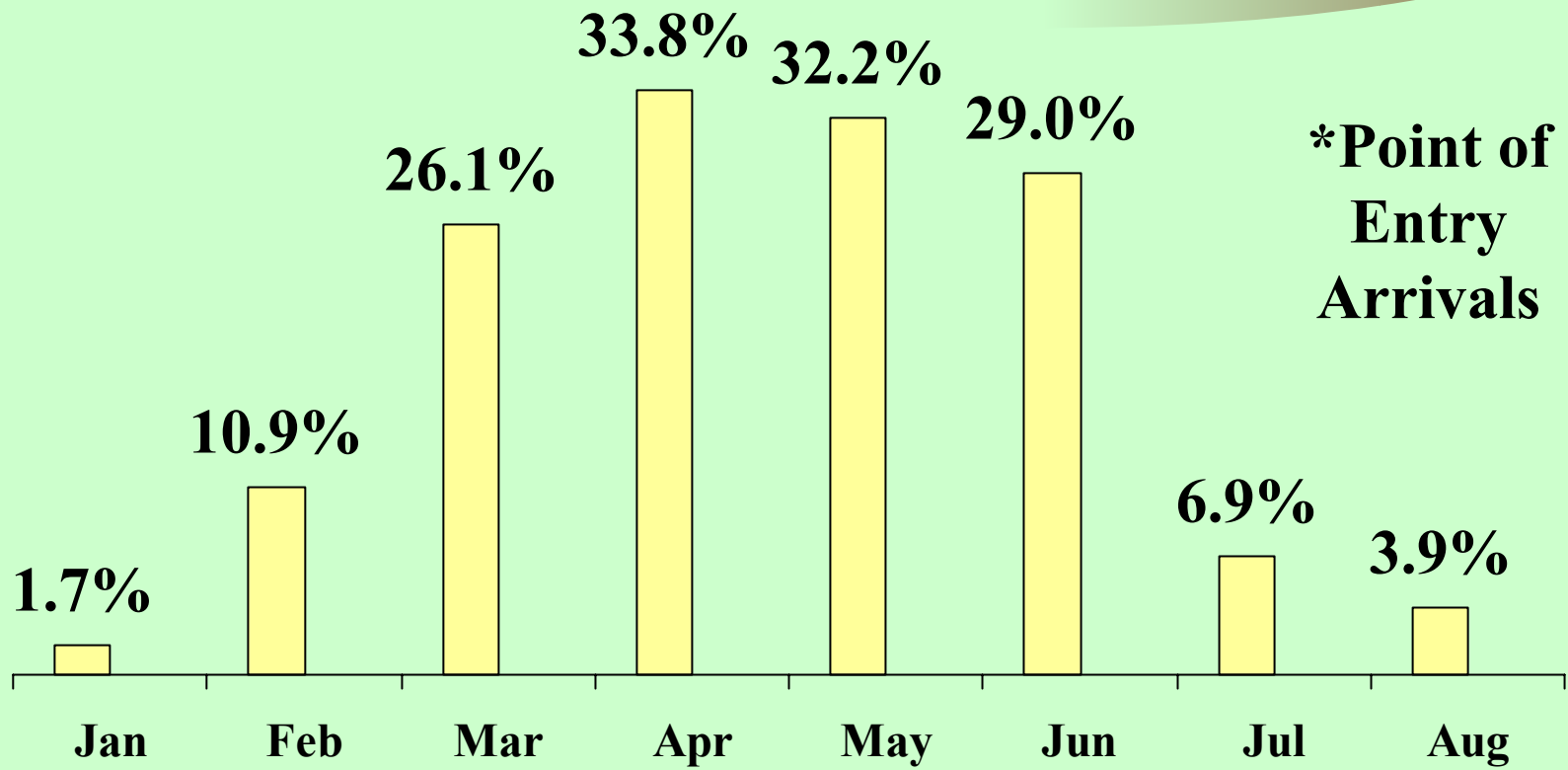


Source: INS Point-of-entry arrivals; CIC Research Inc.



*All Overseas Entering CA**

(Monthly Percent Chg 03-04)

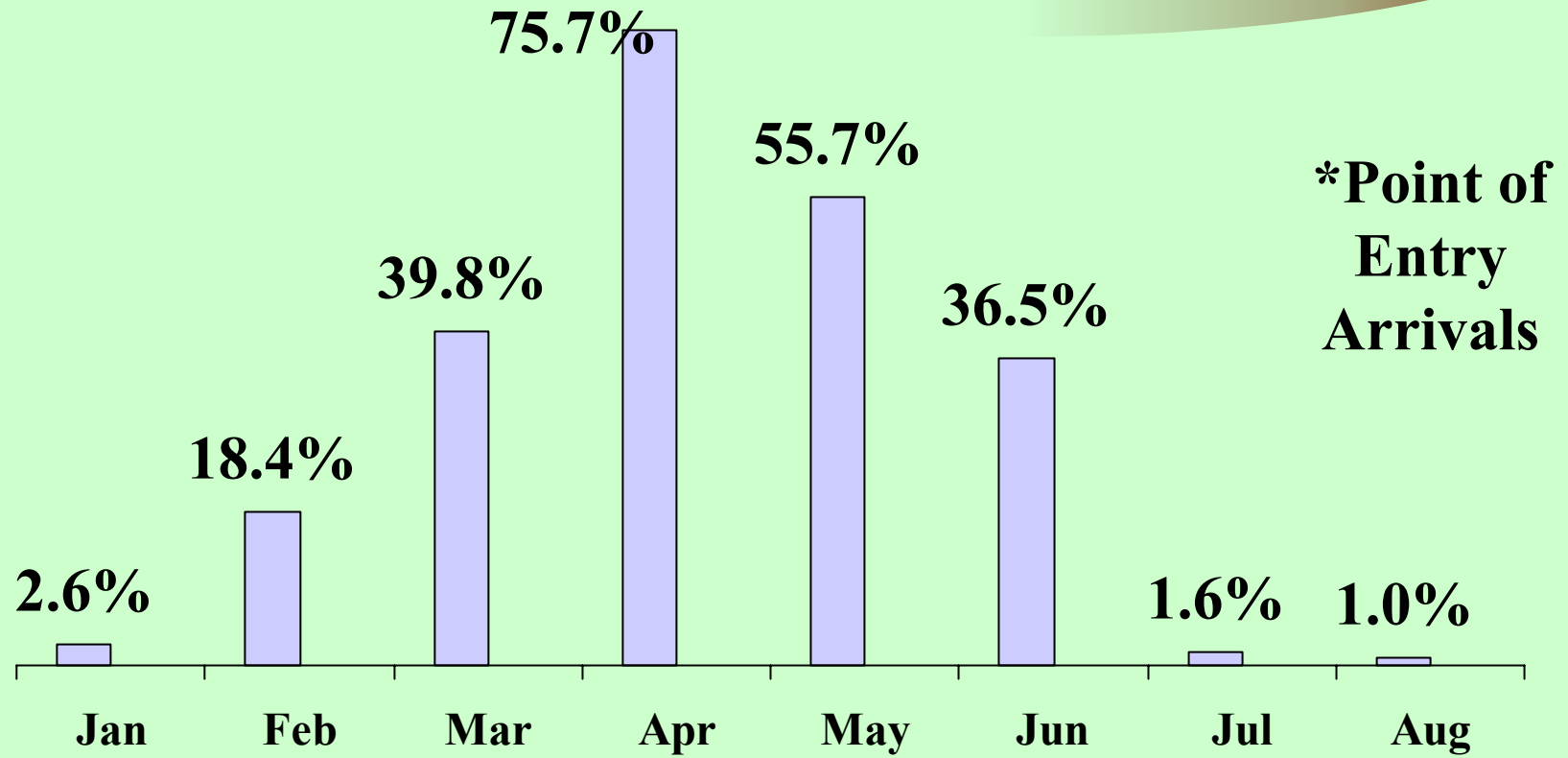


Source: INS Point-of-entry arrivals; CIC Research Inc.



*Asian Visitors Entering CA**

(Monthly Percent Chg 03-04)



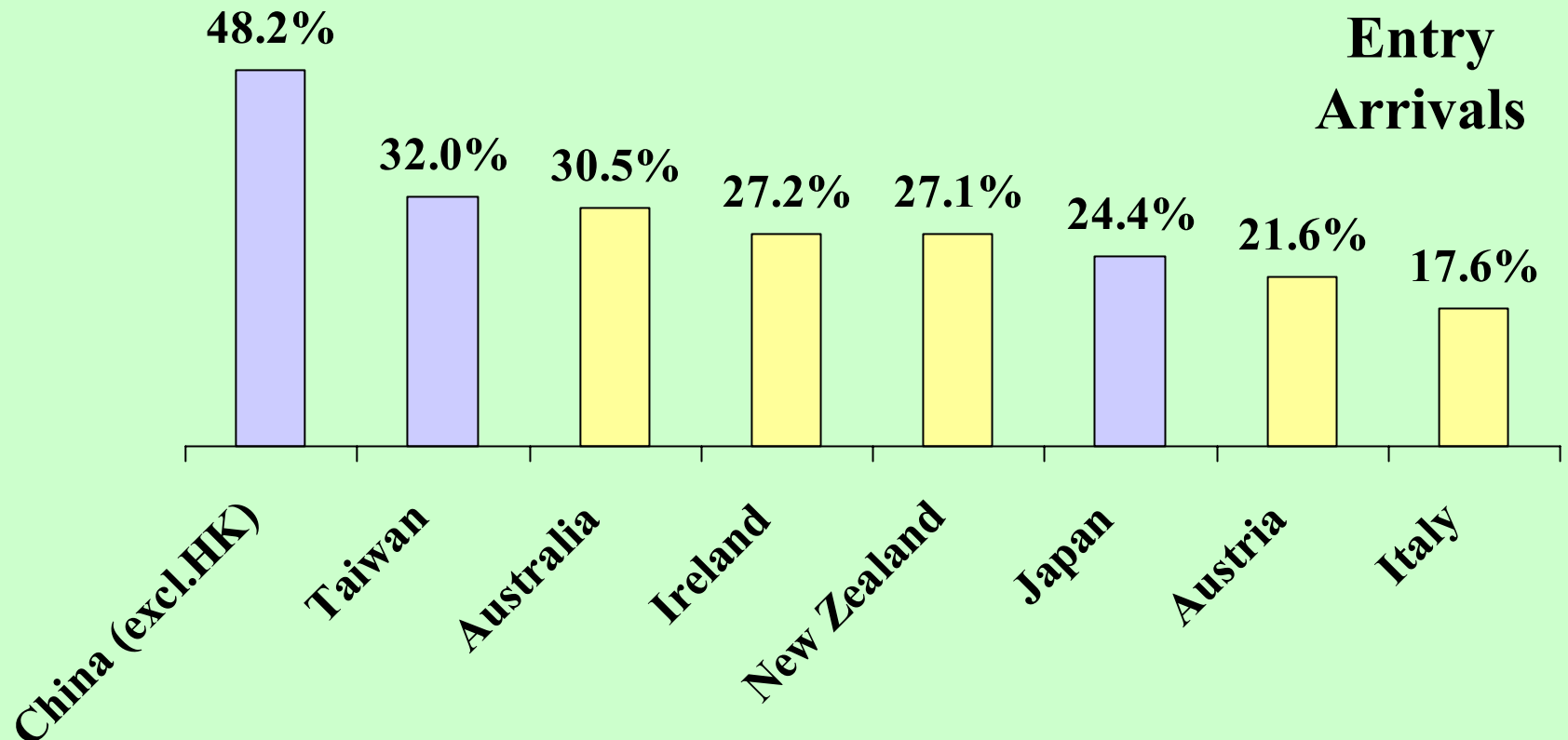
Source: INS Point-of-entry arrivals; CIC Research Inc.

*Selected Markets Entering CA**

(Percent Chg 03-04 August YTD)



***Point of
Entry
Arrivals**

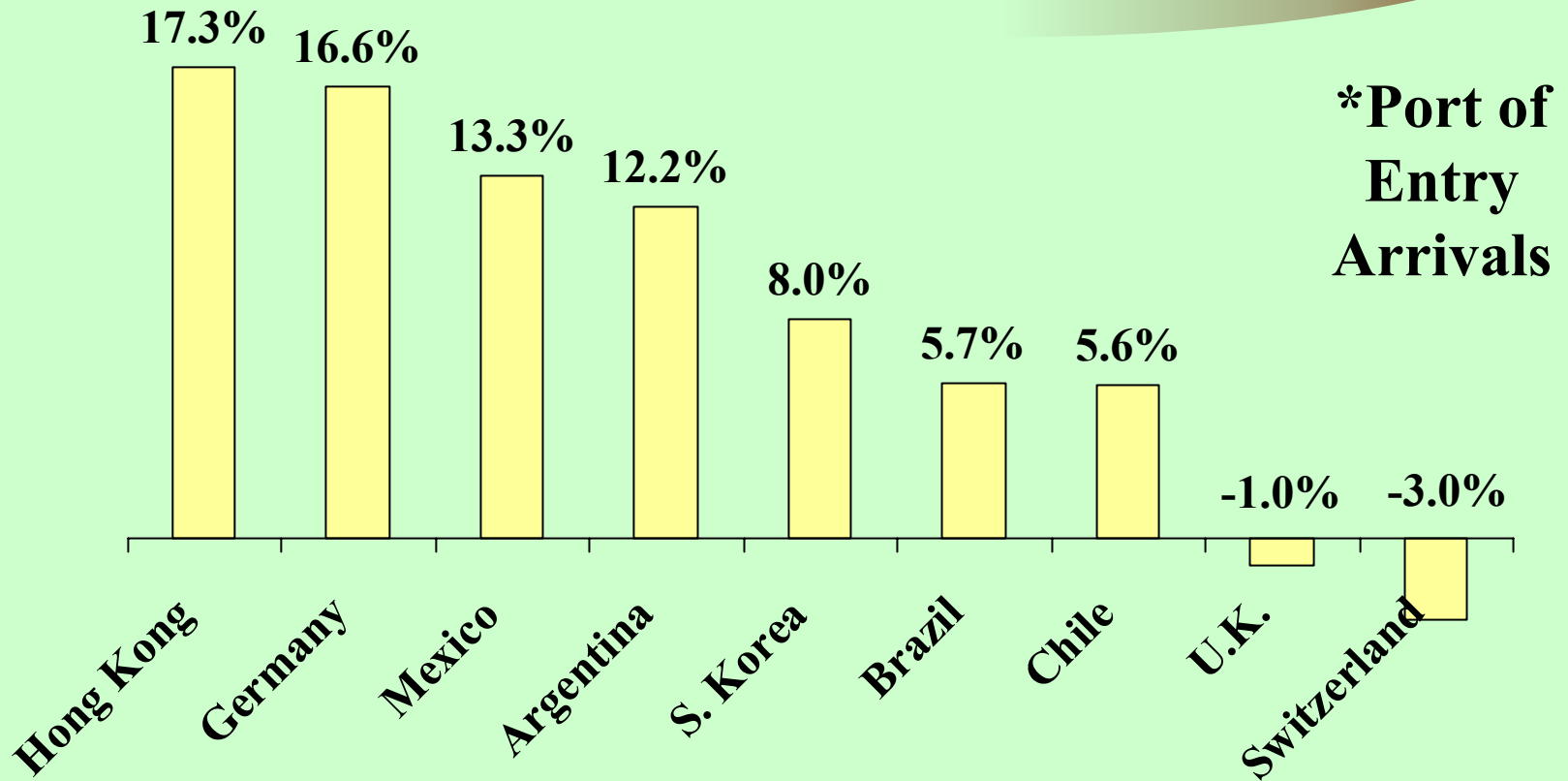


Source: INS Point-of-entry arrivals; CIC Research Inc.



*Selected Markets Entering CA**

(Percent Chg 03-04 August YTD)

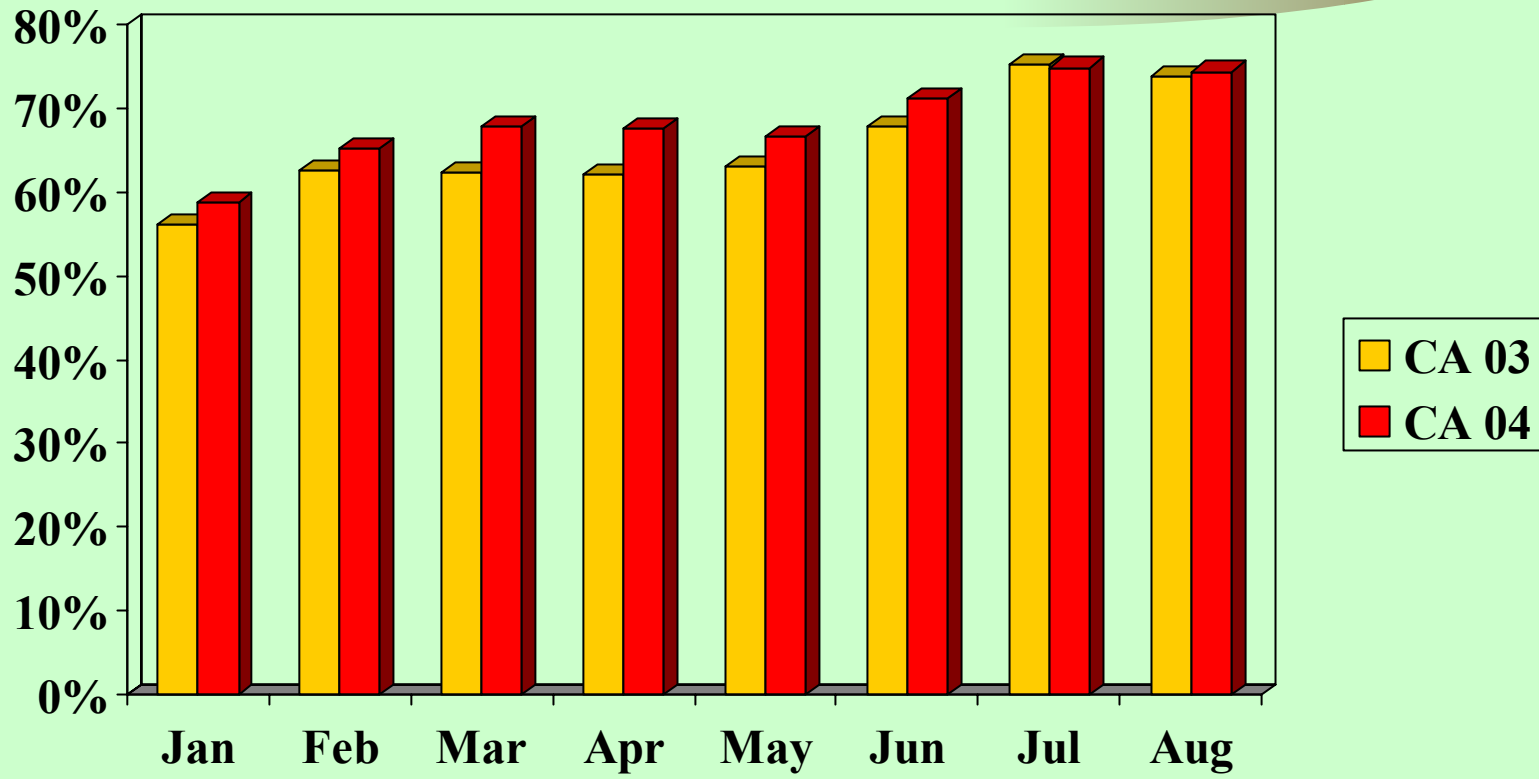


Source: INS Point-of-entry arrivals; CIC Research Inc.

California Hotel Occupancy 2003-2004



(Percent occupancy)

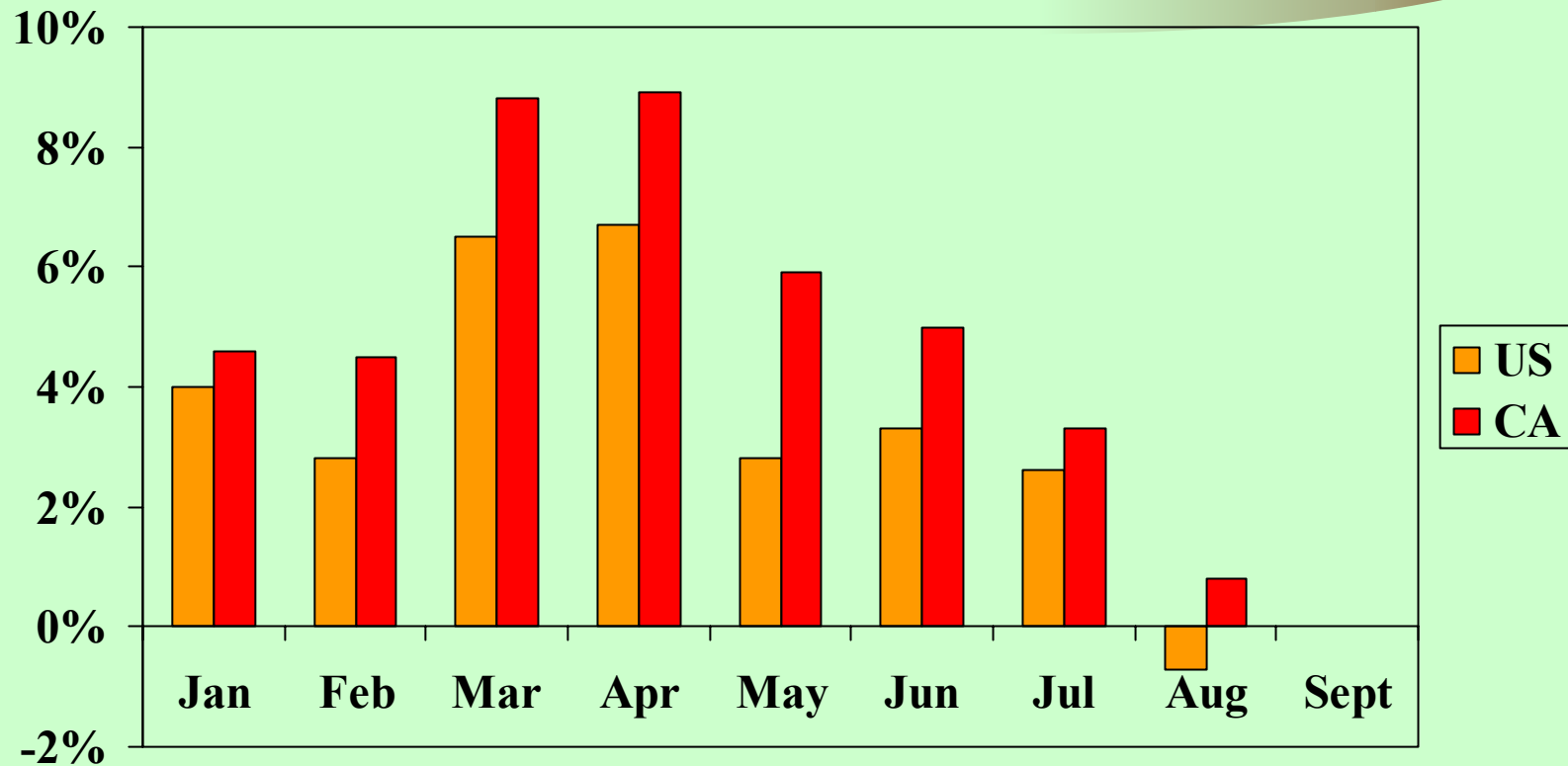


US and California Hotel Occupancy

2003-2004



(Percent changes)



Source: Smith Travel Research



California North

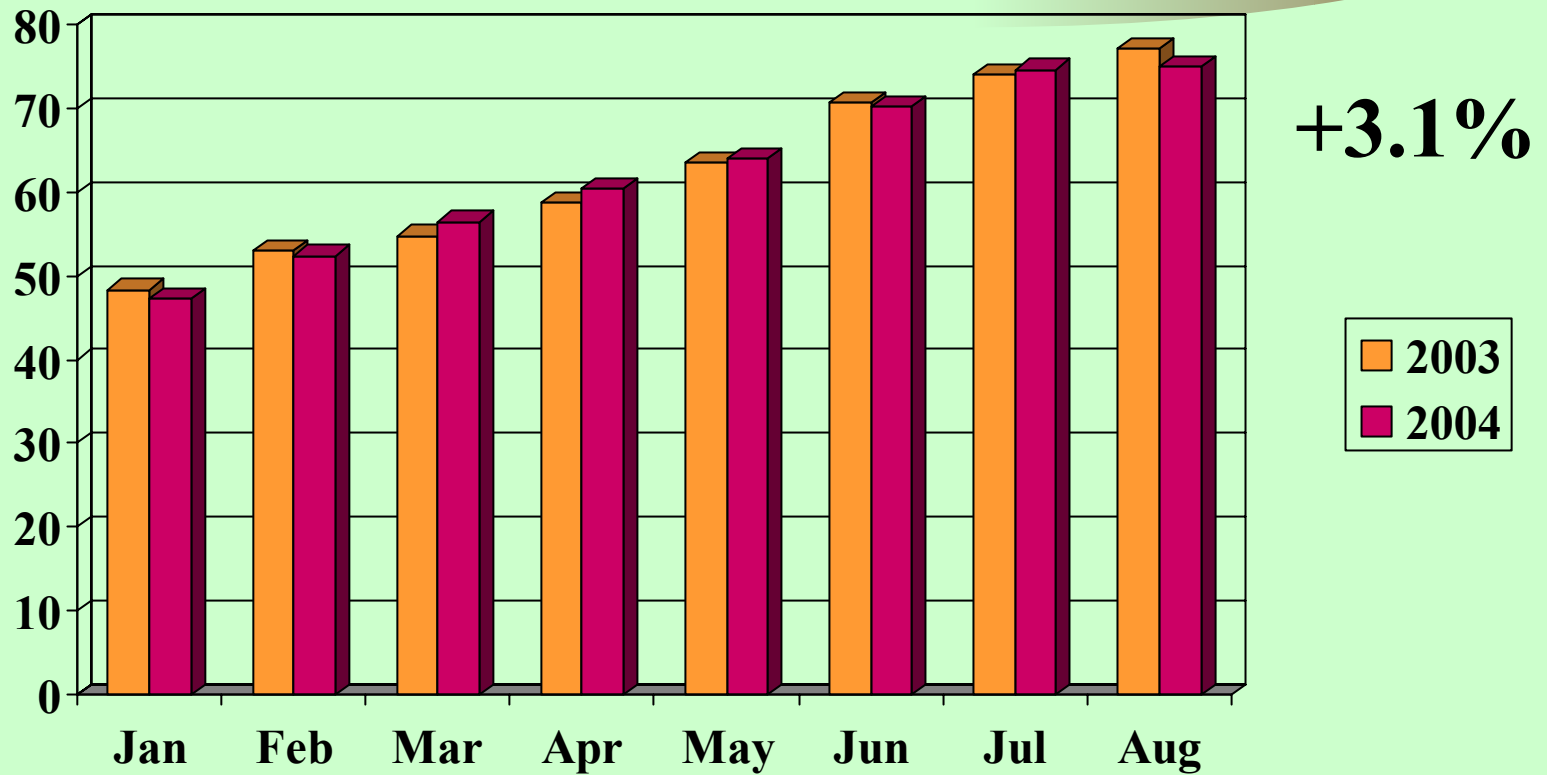
(Percent Chg 03-04 August YTD)

+3.1%



Source: Smith Travel Research Inc..
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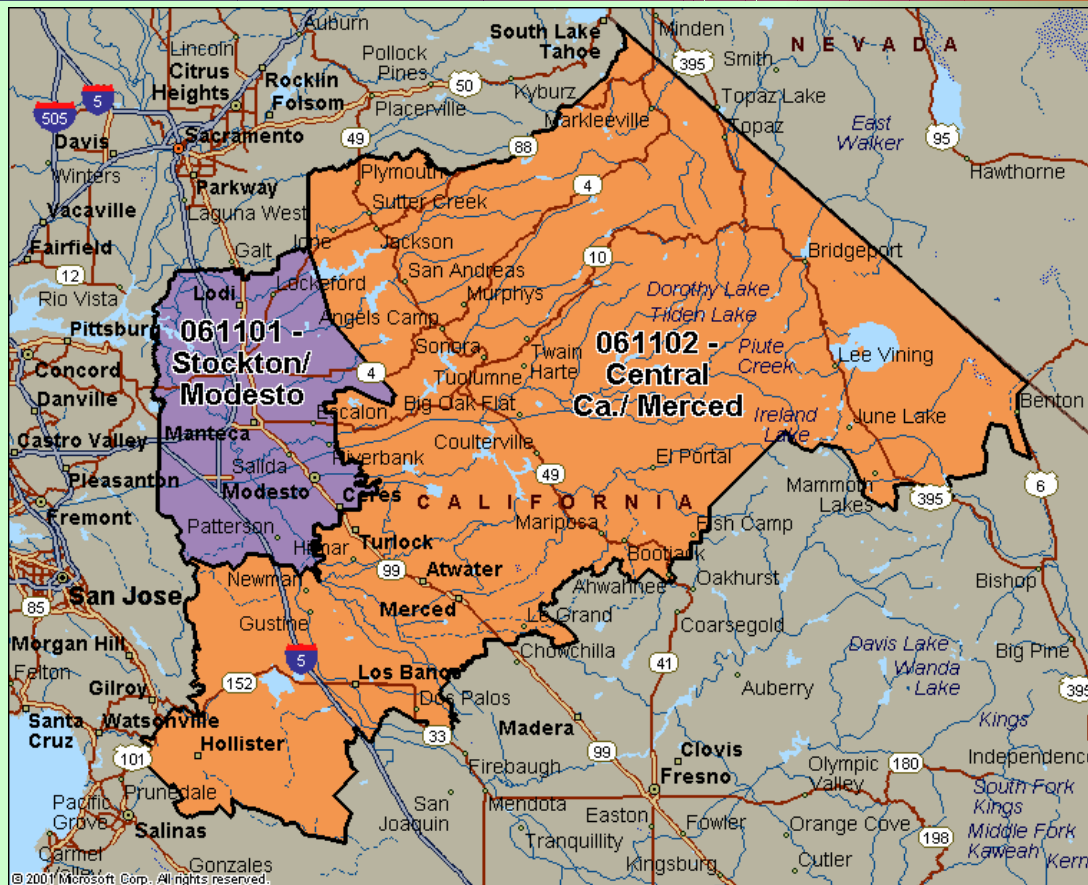
California North 2003-2004 (Percent occupancy)



Source: Smith Travel Research Inc.

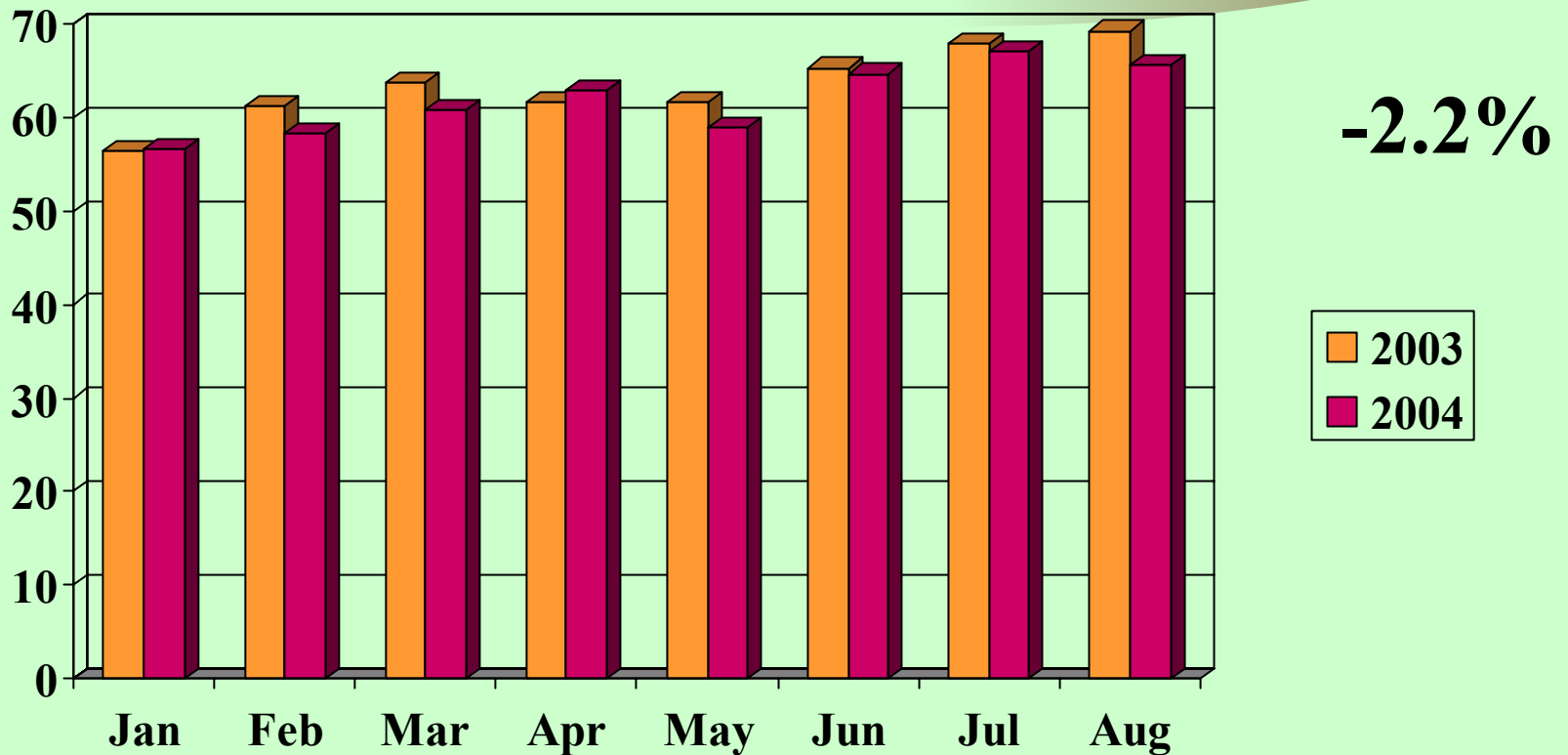
California Central

(Percent Chg 03-04 August YTD)



-2.2%

California Central 2003-2004 (Percent occupancy)



Source: Smith Travel Research Inc.

California South Central

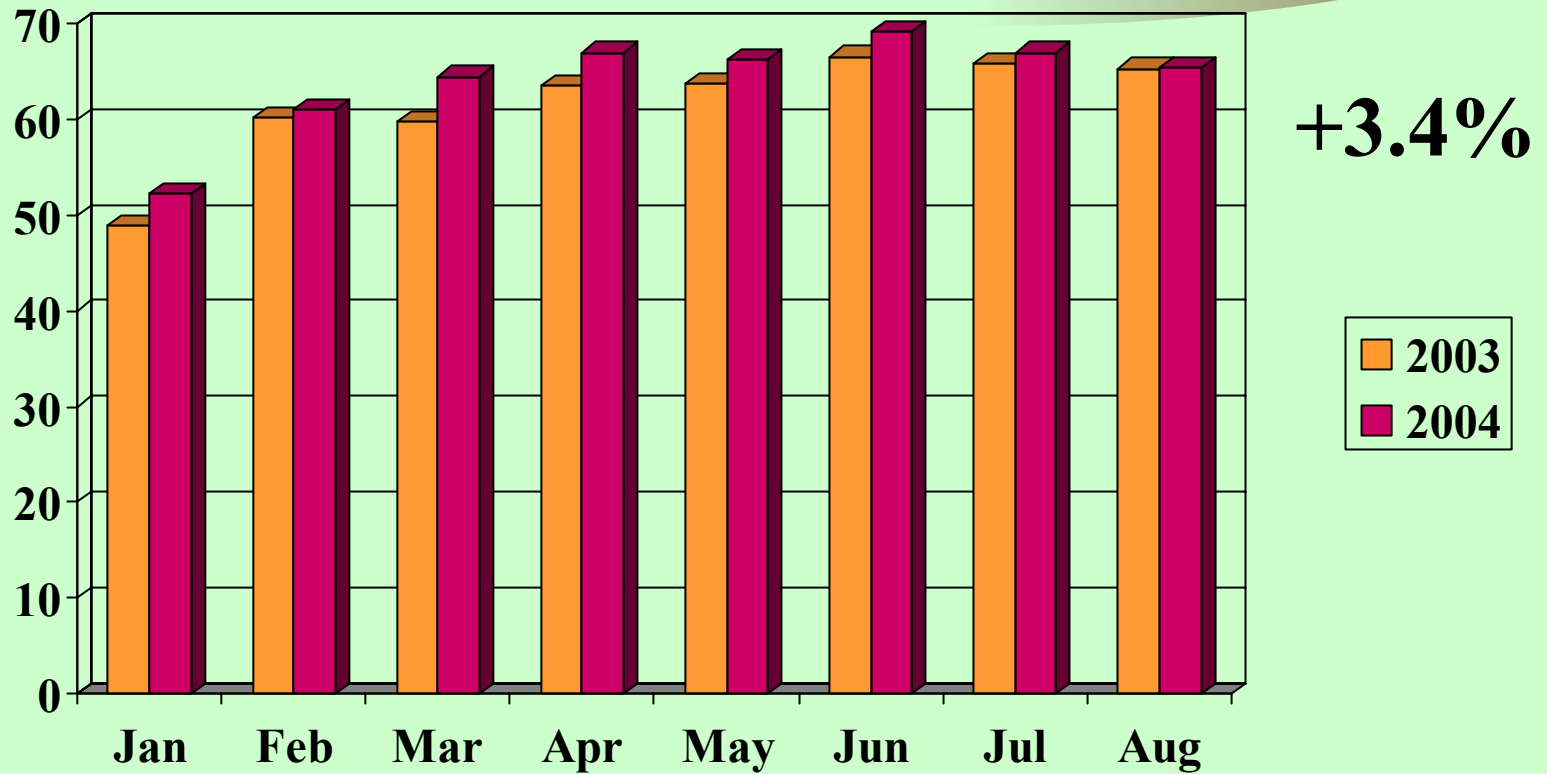
(Percent Chg 03-04 August YTD)



+3.4%

Source: Smith Travel Research Inc..

California South Central 2003-2004 (Percent occupancy)



Source: Smith Travel Research Inc.



California Central Coast

(Percent Chg 03-04 August YTD)



+2.3%

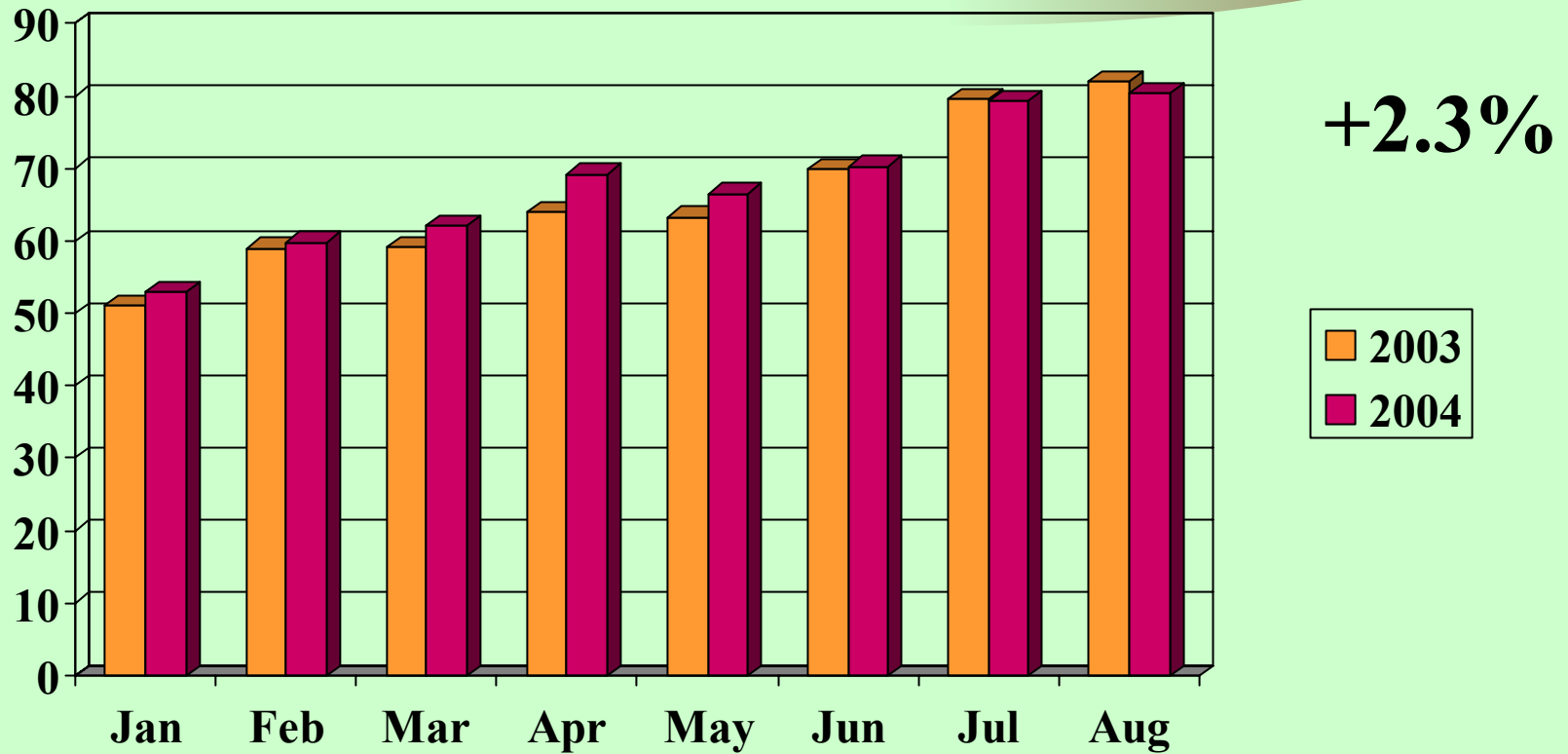
Source: Smith Travel Research Inc..

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California Central Coast

2003-2004

(Percent occupancy)



Source: Smith Travel Research Inc.

2004 Travel and Tourism: Back in Business



- CA's disaster & crisis quota lighter this year
- Travelers undeterred by gas prices
- Air travel on the rebound
- Business travel recovering
- International travelers returned

2004 Travel and Tourism: Back in Business



- International travelers returned



Trends to Watch

- Domestic
 - California Cruising
 - Togetherring
 - Traveling with pets



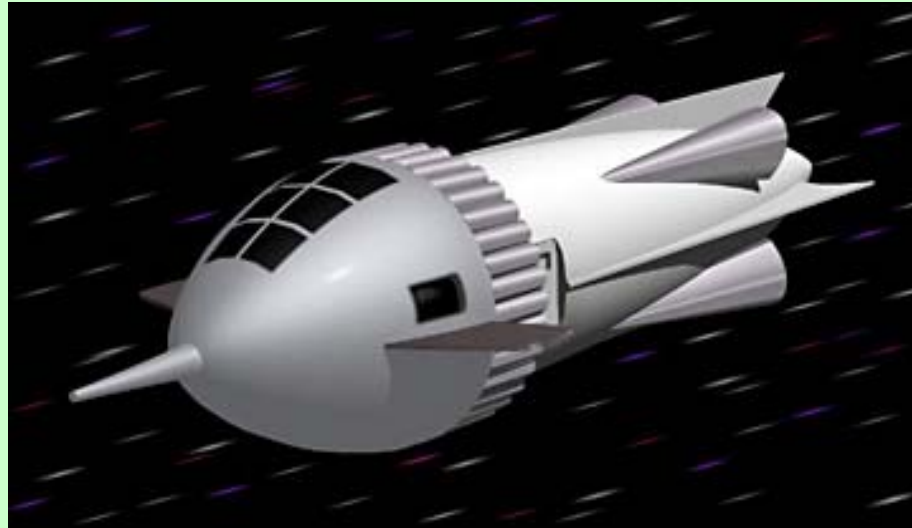
Trends to Watch

- International
 - Independent Japanese travelers
 - Inbound travel from India
 - Outbound travel from China



Trends to Watch

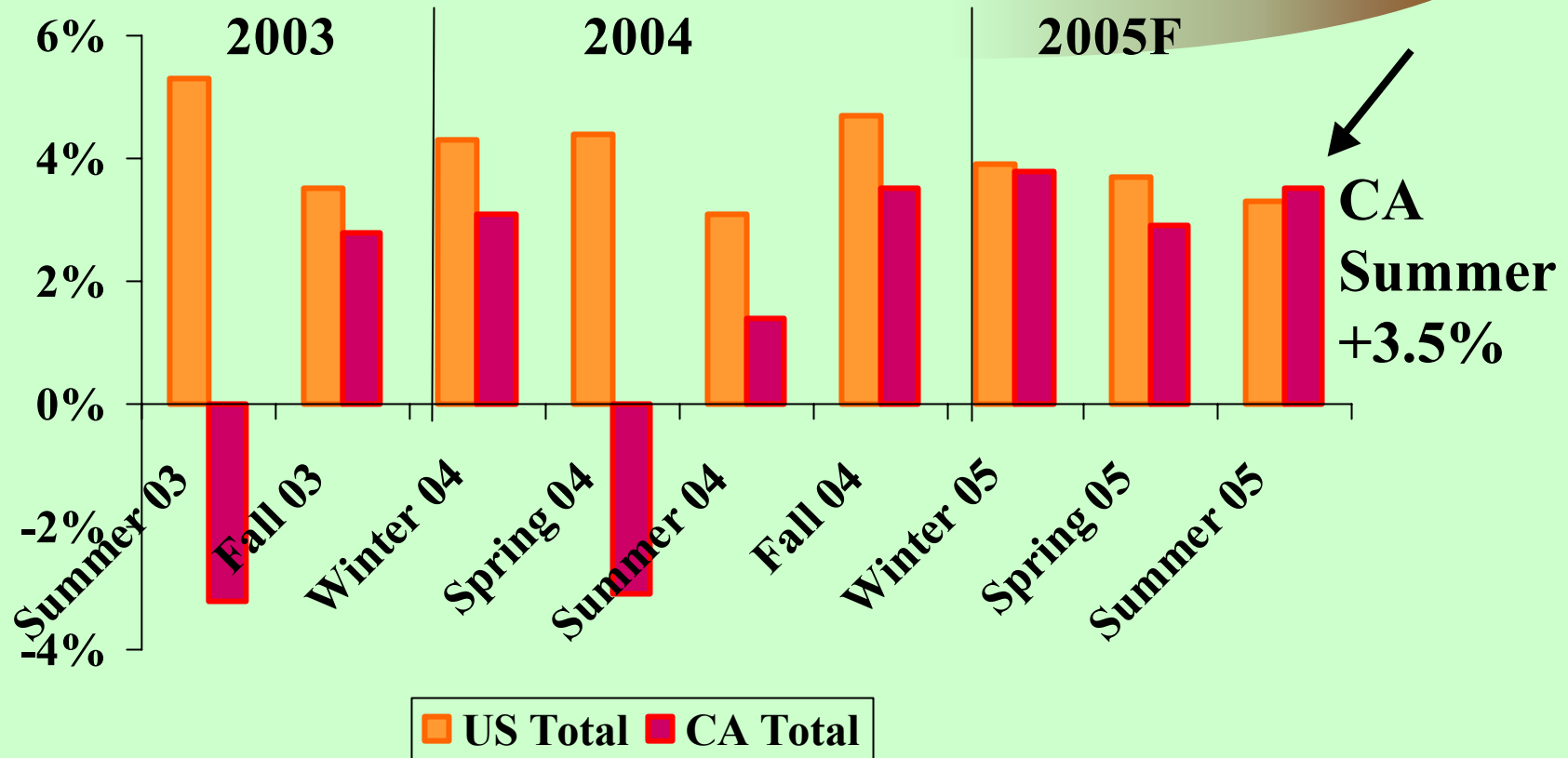
- Space tourism





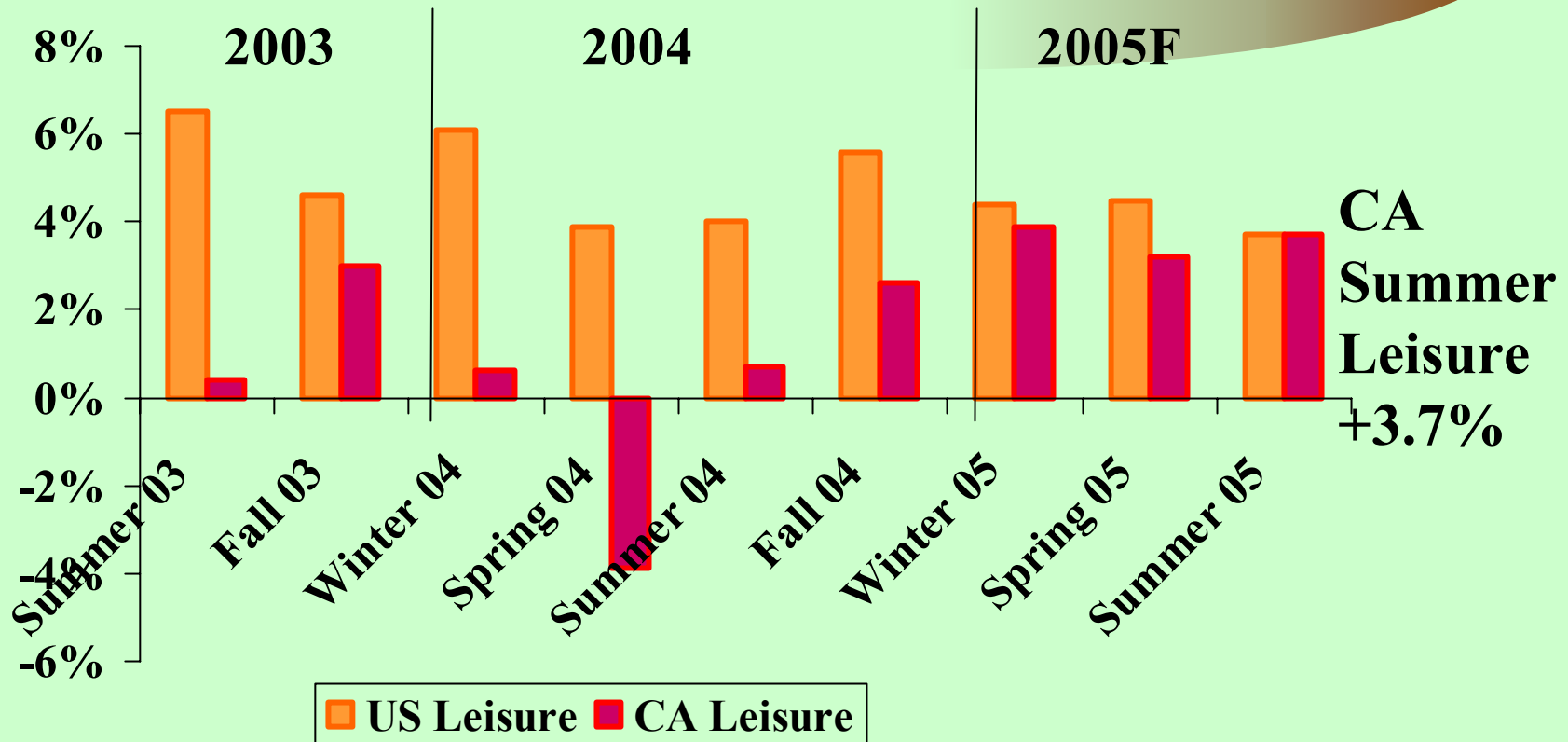
US & CA Travel and Outlook

(% Change Seasonal Volumes)



Leisure Travel and Outlook

(% Change Seasonal Volumes)

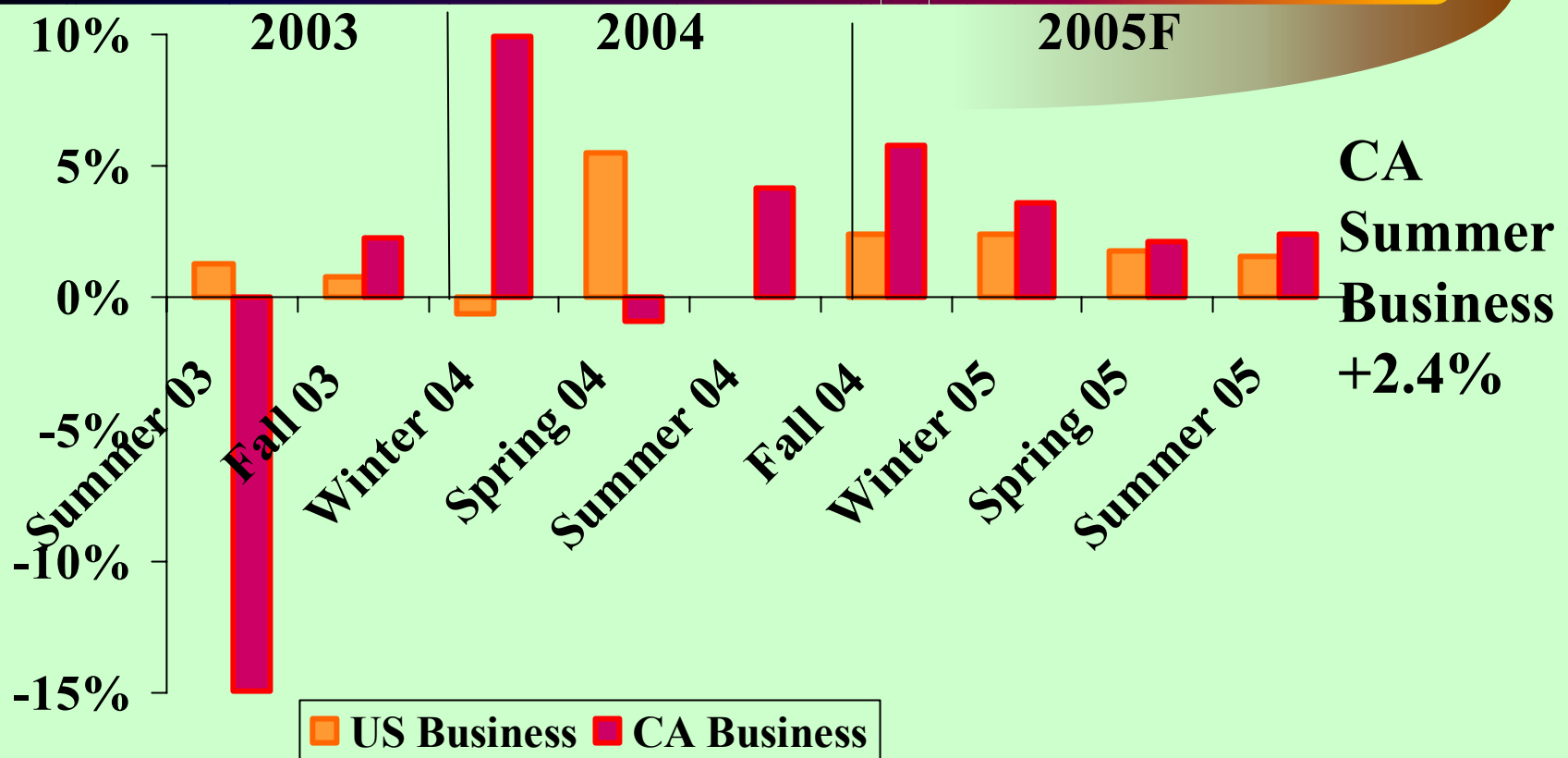


Source: D.K. Shifflet & Assoc. Ltd.; California Tourism

Business Travel and Outlook



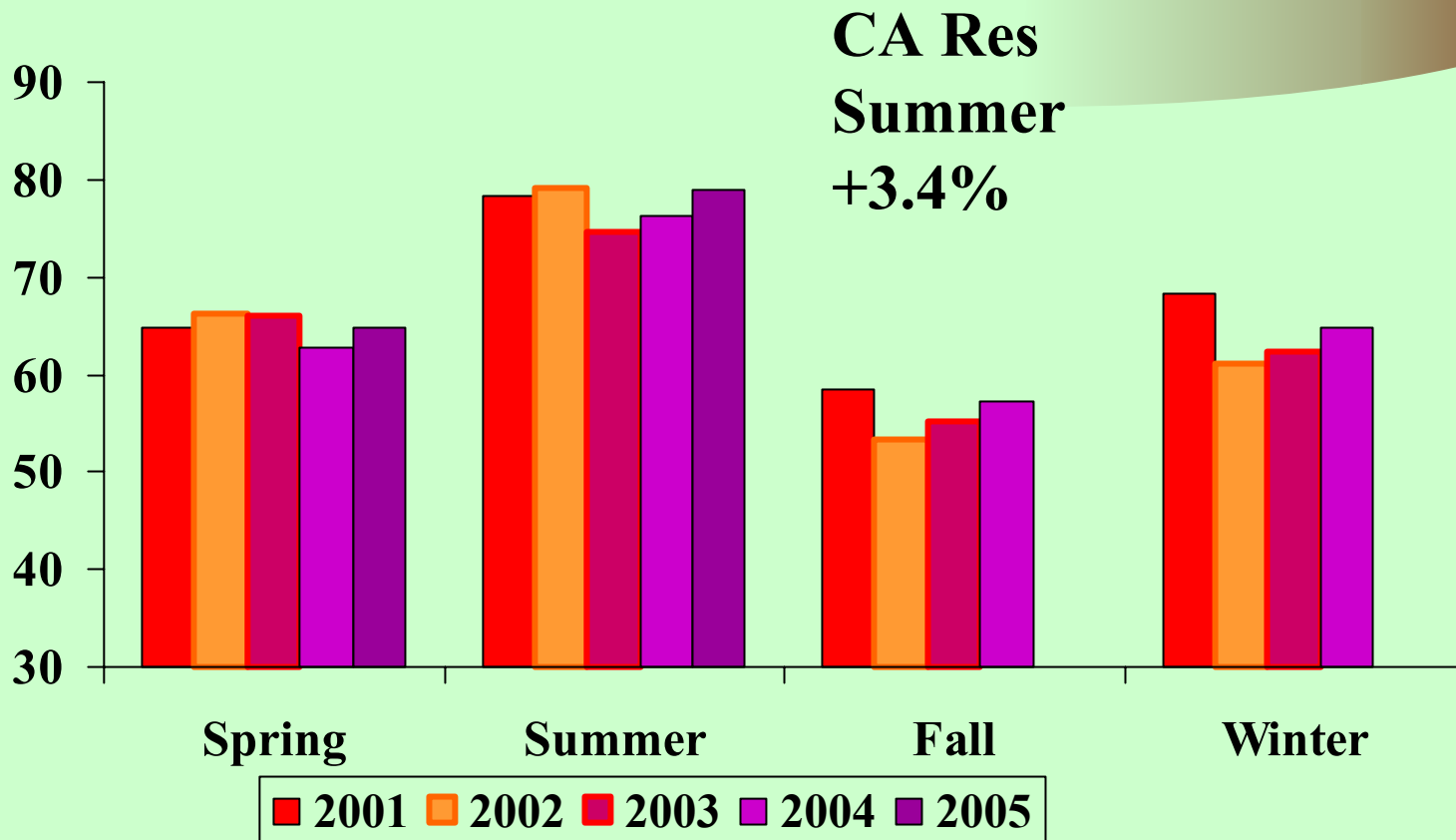
(% Change Seasonal Volumes)



Source: D.K. Shifflet & Assoc. Ltd.; California Tourism

Resident Travel and Outlook

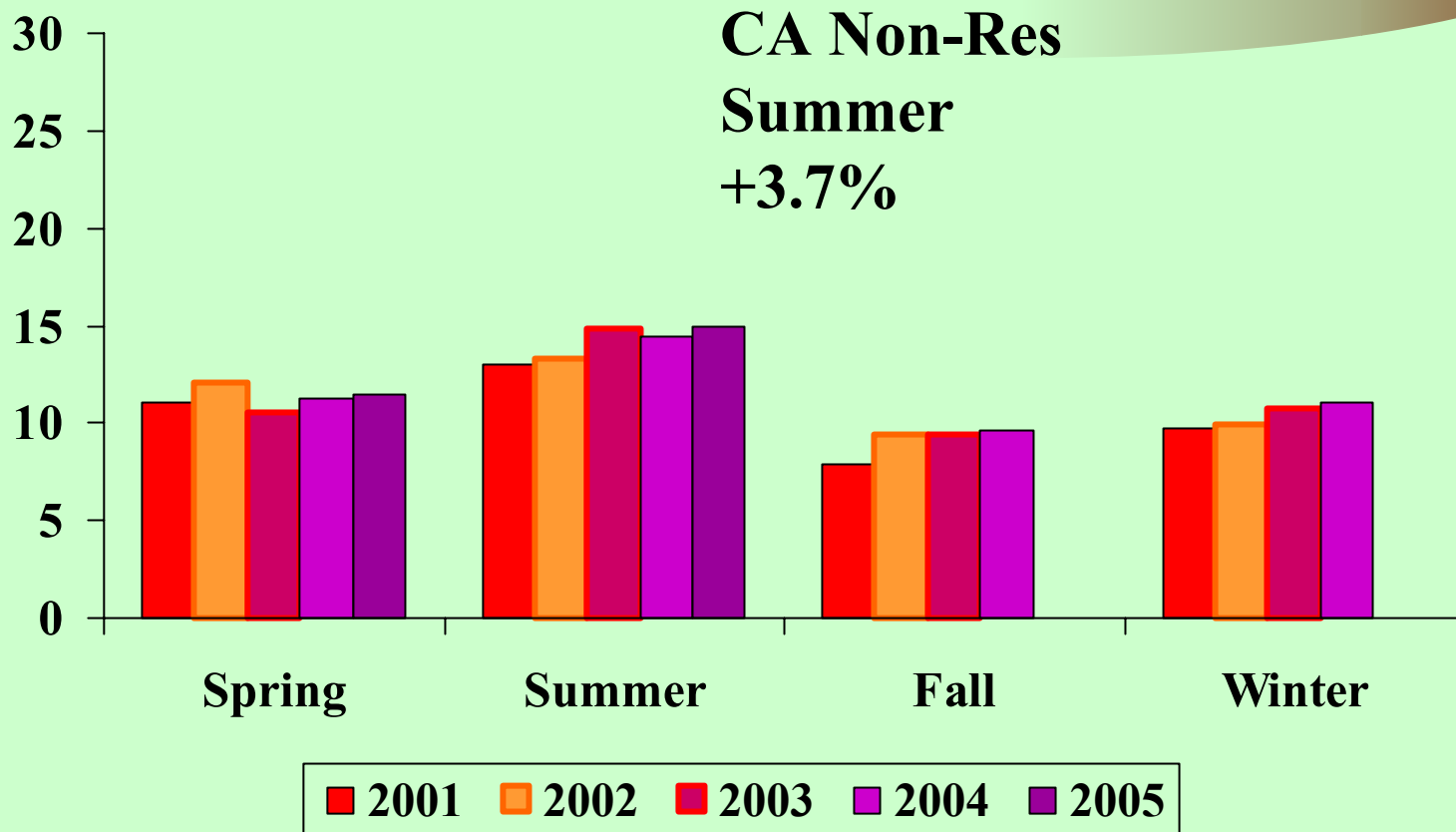
(Millions of person-trips)



Source: D.K. Shifflet & Assoc. Ltd.; California Tourism

Non-Resident Travel and Outlook

(Millions of person-trips)



Source: D.K. Shifflet & Assoc. Ltd.; California Tourism



What's Ahead for 2005?

	Spring	Summer
• Total travel to/thru US	+3.7%	+3.3%
• Total travel to/thru CA	+4.7%	+3.5%
• US Business	+1.8%	+1.6%
• CA Business	+2.1%	+2.4%



What's Ahead for 2005?

	Spring	Summer
• US Leisure	+4.5%	+3.7%
• CA Leisure	+ 3.2%	+3.7%
• CA Resident	+3.1%	+3.4%
• CA Non-Resident	+1.9%	+3.7%



What's ahead for 2005?

Spring Summer

- CA Length of Stay (days) +4.8% +5.7%
- CA Av. Exp (ppd) +3.3% +7.0%



www.visitcalifornia.com

Travel Industry: Research & Statistics

Research@cttc1.com